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## Editorial AS WE SEE IT

President Eisenhower has repeatedly inveighed vigorously against what he terms "creeping socialism." He has never supplied a precise definition of the term, but it is not difficult to infer what he has in mind. He as well as various other leaders of his party evidently would include increasing paternalism, as well as steadily mounting interference with or control of private enterprises and other economic activities. The broadening out of the range of activities of government to include much that was once left wholly to private initiative is another tendency which the President and the others evidently would view as creeping socialism—provided, of course, that its development was not so impetuous that the term "creeping" could not well be applied to it.

If these are the types of evils that the President condemns as "creeping socialism," then most thoughtful citizens with the good of their country at heart should, we believe, heartily endorse his stand—and that of the others who seem to be of the same mind. We should, however, be less than candid with ourselves if we did not face the fact that it is not enough to condemn such movements in general terms. Certainly, it is not enough so long as the philosophy lies implicit in other tenets to which the same party and the same individuals hold, and it all is an almost inevitable consequence of various other measures and policies which seem to have the full approval of these preachers against "creeping socialism."

### A Case in Point

We have just had an excellent case in point in the steel controversy. For decades, particularly after the New Deal came into power early in 1933, we have been engaged in seeing to it that the labor unions enjoy a special position in our economy. Repeated outgivings came from the New Dealers in support of a full labor monopoly which would cover all employes in the nation. Various enactments were taken to the statute books which were designed to place labor unions and their leaders in a highly favored posi- (Continued on page 26)

# Essential Financial Policies for Sustainable Economic Growth

By Hon. Robert B. Anderson,* *Secretary of the Treasury, Washington, D. C.*

**Administration's wide-ranging brief on major economic matters: (1) counters serious short-comings said to exist in popular countercyclical budget and debt management theory with its own anticyclical proposals; (2) sees need to re-orient our international economic and financial policies; (3) underscores sound dollar's importance to both "sustainable" economic growth and improved balance of payments; and (4) favors issuance of intermediates during a recession, and removal of 4¼% interest rate ceiling so as to allow advance refunding. Mr. Anderson is not against deficits during downswings or surpluses during upswings but would rely primarily on "built-in stabilizers" and keep tax rates and spending to a minimum when possible.**

During my few years in Washington, I have become more and more impressed with the need for better communication between government officials and economists outside of government, particularly those in universities and research organizations.


Robert B. Anderson

We need to encourage a greater interchange of ideas. Some of the most perplexing and crucial problems of public policy cluster around the economic problem. Thus the professional economist, more than ever before, has a significant and unique contribution to make to public policy.

In addition, the professional economist outside of government can help government officials maintain perspective in the approach to policy. Life in Washington is such that the broader aspects of policy problems can be obscured by day-to-day problems. It is the economist's duty—both to his country and to his profession—to examine critically and objectively all of the economic policy actions in government and to speak out forcefully on what he considers to be their merit or lack of merit. In particular, we should work together to guard against actions, designed to cope with short-run problems, which may complicate the attainment of our more basic long-run goals.

Before we examine the use of Federal financial policies to promote our economic goals, I should like to discuss briefly the goals as such.

### "Not Just Any Kind of Growth"

Sustainable economic growth—not just any kind of growth—is the major goal of economic policy. A forced, ultra-high rate of growth is not an appropriate objective in a free choice, market economy. Economic freedom means the right to dispose of our incomes as we see fit — to consume or to save, to invest or not to invest. These decisions, arrived at freely and independently by millions of people and institutions, are a controlling factor in the growth process.

Undue emphasis on growth for its own sake can result in growth of the wrong kind, such as the production of goods that people do not want and which end up as surplus goods in government warehouses — goods which represent inefficient and wasteful use of our economic resources. And heavy emphasis on growth for its own sake can contribute to distortions and imbalances that would hamper future growth.

It is **sustainable** growth that we seek, not solely as an overriding goal of policy, but primarily because its attainment implies success in achieving other highly important and long accepted goals. For example, we cannot achieve a high and sustained rate of growth if we are confronted with serious and long-lasting under-utilization of labor and other resources. Thus the maintenance of adequate employment opportunities for those able, willing, and seeking to work—which is highly important for its own sake—is also an integral part of the growth process. (Continued on page 27)

**SECURITIES NOW IN REGISTRATION**—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

# The Security I Like Best . . .

**A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.**

N. LEONARD JARVIS

Partner, Hayden, Stone & Co., New York City

Member New York Stock Exchange

**Kellogg Company**

Kellogg Company is the largest manufacturer in the world of ready-to-eat cereals, which account for about 90% of the company's sales and supply about 41% of the domestic market. Its principal cereal products distributed on a nationwide basis include Corn Flakes, Pep, Whole Wheat Flakes, All-Bran, Shredded Wheat Biscuits, Wheat Krumbles, Rice Krispies, Raisin Bran Flakes, 40% Bran Flakes, Corn Soya Shreds, Smacks, Special K and Corn Pops. The company also sells assortments of its cereals as Variety Pack, Snack-Pak and Handi-Pak. Other products are Gro-Pup dog food, fur feeds mainly for mink and fox, and macaroni and spaghetti which are sold only in the Midwest.

N. Leonard Jarvis

In addition to four domestic plants, Kellogg has five wholly-owned subsidiaries in Great Britain, Canada, Australia, South Africa, and Mexico operating a total of 10 plants in those countries and Denmark, Holland, Ireland, Sweden and New Zealand. A new plant was installed in Norway in 1959 and next spring a new operation will be begun in Colombia. The foreign business, excluding Canada and Mexico, is believed to represent about 20% of the company's overall sales. Last year two new products, Kellogg's Corn Flake Crumbs and Kellogg's Cocoa Krispies were introduced in the United States and in England the company introduced Kellogg's Sugar Smacks and Kellogg's Variety. All of the products made in its United States plants will eventually be introduced on foreign markets, it is believed.

A new high protein "Concentrate" has recently been developed and marketed in certain areas of the country, not only as a cereal but as mixes for other cereals. Furthermore, a new oat cereal called OK's was introduced recently, this being a baked, crisp ready-to-eat cereal.

It is generally understood that ready-to-eat cereals are consumed very largely by children up to the age of 15 and decline from 15 to 18, but level off from 19 to 25. Thereafter, consumption again seems to rise and gets higher as we grow older.

Nineteen-fifty-nine sales should increase around 7% over 1958 and should be in the neighborhood of $225 million, but net earnings should be up around 2% suggesting earnings of around $2.25 a share, or well over the present regular $1.00 dividend although the company also declared a 10c extra recently making it $1.10 a share for the year 1959. Fifty-one per cent of the stock of the company is controlled by the W. K. Kellogg Foundation Trust set up by its founder W. K. Kellogg, whose purpose is "the promotion of the health, education and welfare of mankind, but principally of childen and youth."

Capital expenditures in 1958 were unusually high, about $17 million. The 1959 total was around $8-$9 million and about the same is being projected for 1960. The profits record of Kellogg in the postwar period, when compared by means of index numbers, makes a very good percentage showing with the other four milling companies, General Mills, Cream of Wheat, Quaker Oats and Pillsbury or even with the index of the nine food companies compiled by Standard & Poor's. Th is not a speculative situation in my opinion but a good sound growth situation where an investor can feel that he has his feet on the ground.

CHARLES M. PELTASON

Vice-President & Director of Research Fusz-Schmelzle & Co., Inc. St. Louis, Mo.

Members: New York Stock Exchange, American Stock Exchange (Assoc.) and Midwest Stock Exchange

**P. N. Hirsch & Company**

Almost every area has their own "local" situations and occasionally these companies give evidence of becoming prominent on a national level. We think P. N. Hirsch & Co., which has been publicly held for less than a year, merits the careful attention of investors anywhere seeking values and potentials.

Charles M. Peltason

P. N. Hirsch & Company will be 30 years old next July, and in that short space of time has grown from a single store in Jonesboro, Ill., to 78 junior department stores in small towns in Missouri, Illinois, Texas, Indiana, Alabama and Kentucky. This growth has been achieved through the opening of new stores and the acquisition of other stores already in existence. Sales and earnings have shown remarkable progress since inception. Growth has been steady and consistent and sales for the year that will end Jan. 31, 1960 may be at least triple the volume for the same period a decade ago and up substantially over the past year's figures.

Company stores for the most part are located in small sized midwest communities, having a population of 3,500 to 10,000, an exception being 12 stores operating in the metropolitan St. Louis area, nine stores in the metropolitan Houston area and one in the metropolitan Kansas City area. Twenty-three stores are located in the state of Missouri, 25 in Illinois, 16 in Indiana, nine in Texas, four in Alabama and one in Kentucky. Ten of the company's stores are located in new shopping centers. The company's general offices and principal warehouse is located in St. Louis, Mo. The company has around 900 employees.

The most important departments in the company's stores are men's, women's and children's wearing apparel, shoes, yard goods and home textiles. The stores do not sell major appliances or hard goods with the exception of toys which are stocked and sold during the Christmas season.

In 1958, 84% of the company's business was done on a cash or layaway basis. However, a revolving credit plan was instituted in 1956 with a 6% service charge added to the purchase price. This has enabled the company to reach customers that were heretofore restricted in their buying power, but as yet has not become a major factor with respect to the company's total sales.

The company's stock was publicly traded for the first time in June, 1959 when certain stockholders sold 132,500 shares of common stock. At this time, slightly more than 67½% of the total outstanding common stock is closely held by members of the founding family.

P. N. Hirsch & Company recently announced that sales for the nine months ended Oct. 31, 1959 amounted to $13,185,440 as compared with $9,732,047 in the same period a year earlier. This increase amounted to 36%. Net income for the same period was $1.01 a common share against $.77 per share a year earlier. It should be noted that historically the final quarter, including the Christmas season, has been the most productive for the company. An idea of the company's growth in earnings and sales can be seen from the five-year table tabulated below:

| Year Ended Jan. 31 | Net Sales | Net Income | Earns. Per Com. Sh.* |
|---|---|---|---|
| 1955 | $8,748,672 | $223,586 | $.48 |
| 1956 | 9,946,650 | 221,038 | .47 |
| 1957 | 12,199,863 | 351,385 | .75 |
| 1958 | 12,759,971 | 353,215 | .88 |
| 1959 | 15,224,160 | 468,892 | 1.13 |
| †1959 | 13,184,440 | 225,667 | 1.01 |

*Adjusted to basis of number of common shares presently outstanding. †Nine months ended Oct. 31, 1959.

We estimate that final figures for the balance of the fiscal year will show sales of about $18,000,000 with per share earnings of approximately $1.50. From our own observation, it is not unreasonable to anticipate sales of over $20,000,000 and earnings in the neighborhood of $2.00 per share in 1960.

Since the public offering last June, the company has declared three quarterly dividends of 15c each for indicated annual rate of 60c. Their balance sheet reveals current assets of 7.4 million against current liabilities of 2.7 million.

The company recognized that they had expanded to a point where it was desirable to build a new and modern office and warehouse building. Construction of a modern warehouse in St. Louis County will be completed this January, and the company will again be in a position to expand their operation through the acquisition of additional stores. The new warehouse will also enable the company to close a warehouse they have been operating in Houston with an estimated savings of $100,000 per year. This move alone could show an immediate increase in earnings of approximately 15c per share.

There are 408,975 shares of common stock outstanding and 5,360 shares of preferred stock of $100 par value which may be converted at any time on and after Oct. 1, 1978 into common stock having a book value equal to the aggregate par value of shares of preferred stock being converted. The preferred stock is privately held. Long-term debt as of Oct. 31, 1959 amounted to $1,687,300.

P. N. Hirsch & Company has demonstrated over the past 30

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*(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)*

### This Week's Forum Participants and Their Selections

# Higher Interest Rates Are In Prospect for 1960

By Dr. Roy L. Reierson,* *Vice-President and Chief Economist Bankers Trust Company, New York City*

**The odds favor higher interest rates—even though the aggregate demands for funds will be lower—in 1960 compared to 1959. In constructing this conclusion, Dr. Reierson notes that: (1) interest rates are not unusually high and their net cost to corporate and individual borrowers is still significantly lower than they were in the comparable year of 1928; (2) there wasn't nor is there any reason to expect a credit crisis so long as credit excesses are forestalled; and (3) the Federal Reserve is blameless for last April-September sharp interest rate rise since money and bank credit expanded in line with or above our average physical growth rate. Aware that 1960 is an election year, the banker-economist calls on both political parties to show they are determined to safeguard the dollar.**

Nineteen-fifty-nine has been a year of generally tight credit and this has been reflected in higher interest rates. However, the tightening in the credit markets has not been continuous and there have been periods characterized by stable or even sagging money market rates and bond yields. Following the sharp rise of interest rates in the latter half of 1958 that accompanied the rapid business recovery, most interest rates remained on a substantial plateau in the early months of 1959. In the second quarter, however, the upward trend was resumed and continued until September. The pressures in the credit markets were widespread and pervasive and interest rates and yields attained levels considerably higher than prevailed during the credit squeeze in 1957, as shown in the attached table.

Roy L. Reierson

In October and November, there was some easing of pressures in the credit markets. The protracted steel strike contributed to some lessening in the demand for bank credit, and the runoff of business inventories provided corporations with funds for temporary investment in Treasury bills. At the same time, the bond market rallied and some observers suggested that interest rates had reached a turning point. In very recent weeks, with the renewed quickening of the economic tempo after the resumption of steel output, interest rates have begun to firm once more.

**Present Levels of Interest Rates**

Recently, much attention has been given to the fact that some interest rates have reached levels not seen for the past 25 years or so. This carries the implication that present levels are abnormal. However, historical perspective indicates that this is because the American economy has been through a protracted period of subnormal interest rates. This was initiated by the long depression of the '30s, which forced interest rates to abnormally low levels. These low rates were then adopted as a pattern for financing World War II; interest rates were stabilized by providing the commercial banks with large amounts of reserves that permitted them to add to their holdings of government obligations, thereby expanding the money supply and adding to the inflationary potential in the economy. It was not until March, 1951, that the pegging of interest rates, with all its inflationary implications, was brought to an end. And it has taken several years of growth in economic output and rising prices to soak up the excess liquidity in the economy that resulted from these practices.

As the accompanying table shows, interest rates and bond yields are currently in the neighborhood of the levels prevailing in 1928, a year of good business. In 1959, therefore, interest rates finally returned to the levels that prevailed in periods of high business activity prior to the depressed 1930s.

It should be pointed out, of course, that the net cost of borrowed funds to a corporate or individual borrower is still significantly lower now than it was in 1928, since a much larger part of today's interest cost is offset by the provision that permits interest cost to be deducted from income in computing income taxes. Also, individual savers and other investors subject to income taxes are today receiving a much lower net return, after taxes, than in 1928, as a result of the substantially higher income tax rates that now prevail.

**Major Factors in the Credit Markets in 1959**

The cardinal factor responsible for the sharp rise in interest rates in 1959 is the large increase in aggregate credit demands; requirements for both long- and short-term credit have been at record levels for peacetime.

**Demands for Funds** — In the long-term credit markets, the net increase in state and local government debt will probably end up somewhat lower, and net new corporate issues, sharply lower, than in 1958; however, these reduced requirements for funds will have been more than offset by a phenomenal rise of $20 billion or more in outstanding mortgage debt, topping the previous peak of $16 billion reached in 1955. The rise in mortgage fi-

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# OBSERVATIONS...

BY A. WILFRED MAY

## A MOST DIFFICULT NEW YEAR RESOLUTION

An ideal New Year Resolution in this area would embrace the renunciation of *speculation* for the embracing of *investment*. Surely during today's dizzy markets, as to both price levels and atmosphere, is such exhortation particularly in order—for the preservation of your own skin as well as the social welfare.

But this entails the great difficulties in establishing clear-cut and consistent differentiation between the two behavior categories. The task of establishing adequate distinction between speculation and investment far transcends problems of semantics or definition. Nor is it solved by simplification, as in the statement that investment stresses income, while speculation concentrates on capital appreciation; or by a "wisecrack" as an "investment being a successful speculation."

**Difficulty Engaging the SEC**

The difficulty in thus classifying behavior in the investment field was frankly emphasized by Chairman Edward Gadsby of the Securities and Exchange Commission in an interview with the writer this week. "The category of problem involving our indentification of the buyer's intention—what goes on in his 'noodle'—remains one of our greatest difficulties," he said. Substantiating the difficulty of such identification, the Chairman cited in detail the regulatory body's problems in administering parts of the Securities Act of 1933. As a major example, everyone is exempted from the necessity to register, excepting an issuer, underwriter, or dealer. Of these, the classifications of dealer and issuer are perfectly clear, but not so with the underwriter. The latter (under Sec. 2 [11] ) means any person who has purchased from an issuer with "a view" to *distribution*. As in all attempts to characterize a *speculative* operation, the Commission finds it rough going to determine a buyer's intent.

**The Arbitrary Irrelevant Length Of Holding Test**

The convenient factor of the length of time an issue has been held is only one of the considerations taken into account in the Commission's *ad hoc* arrival at decisions. It has recognized that a six-month holding is a wholly irrelevant criterion following a non-investment motivated decision prompted by the applicable capital gains tax. The Chairman pointed out that an underwriter can be a professional distributor also even after a 20-year holding.

Other factors influencing the Commission's interpretation embrace a variety of numerous details, including changes in the company's circumstances before the time of sale.

**The Treasury's Responsibility**

Another branch of "government," the Treasury Department, in conjunction with the long-continuing policy of the legislative branch, is responsible for the fixing of a security's holding period of six months as the determinant of an "Investment" as distinguished from a "speculative" operation—that being the basis for the statute's conference of the preferential amelioration of the capital gains tax.

Such authoritative pronouncement, or at least implication, that a holding of six-months-plus-one-day confers investment-versus-speculation characterization on a securities operation is immensely harmful. . . . For it overlooks what should be the real fundamental of an investment operation, namely the acquisition of property in accordance with long-term value criteria; instead of pandering to the ruling popular craze for playing-the-market in one form or another.

**The Exchange's Six-Month "Portrait"**

The Stock Exchange puts its prestige behind "six months is investment" thesis. . . . Via polling the parties to all transactions occurring on a day chosen at random, the Exchange classifies them as "investment" rather than "speculative" motivated, on the basis of an indicated intention to hold for six months. On this premise, Exchange President Funston, reporting on last year's poll, concluded that the intention toward a six-month holding expressed by the authors of 64% of the share volume, "reveals the predominantly investment character of the market."

Even if our suggested property-acquisition motive as the prerequisite for the "investment" characterization, were actually too rigid or "fuddy-duddy," the community's sharply increasing proclivities toward market-playing under bland concepts of "investment" would still be wholly unjustified.

**"Playing It" by Phone**

A leading statistical organization has announced the establishment this week of a new service by which anyone in the New York area willing to spend a dime can learn the hourly course-of-the-market "as easily as the time or the weather predictions." Round the clock, a phone call dialed to YUkon 9-0560 will return a recorded report of the hour-to-hour changes in the Standard & Poor's stock indices. Some 800 calls for such "investment" information were made the first day (incidentally validating the ATT "split"?)

Even the *investment companies*, the last hope embraced by we naive purists, apparently impelled by competition, are more and more getting into market-playing policies and postures of one kind or another. (Some of their annual reviews follow an extensive exposition of wholly excellent economic data with a forecast of the year's course of the stock average).

**Casino or Investment Medium?**

The gearing of the stock market's fluctuations to short-term events and over-emphasis of its "liquidity" by the professional and amateur members of the community may not justify the occasional "casino" and "gambling business" characterization (as has been made by such variety of individuals as Lord Keynes, and Mr. William H. Haskell, the unfortunate customers' broker whose license the Exchange disciplinarily cancelled back in 1947). But surely they do mark the trend away from our resolved-for *investment* concept!

# The State of TRADE and INDUSTRY

*Steel Production*
*Electric Output*
*Carloadings*
*Retail Trade*
*Food Price Index*
*Auto Production*
*Business Failures*
*Commodity Price Index*

The most historic financial event since the never-to-be-forgotten world-wide 1929 crash—the steel industry strike—ended with a victory for the United Steel workers of America when the labor agreement was announced early on Tuesday, Jan. 5 after an all-night bargaining session between the Union and the group representing the 11 major steel companies.

Vice-President Richard Nixon and Secretary of Labor James P. Mitchell participated in eight or ten private meetings with both sides in the last four weeks. The settlement was largely on the terms which Mr. Nixon and Mr. Mitchell recommended.

Steel experts put the cost of the current agreement at about 41 cents an hour per worker over the 30 months' period from last Jan. 1 to July 1, 1962 or, in the words of Roger Blough, Chairman of the U. S. Steel Corporation, an aggregate of additional outlay for the industry of one billion dollars during the life of the contract.

The steel strike will rank as the costliest work stoppage in history and was stated to exceed $6,000,000,000 when the current losses of the related industries are included.

Now the chief public concern is to what extent the expected price rise of steel will ensue and how much the price rise will accelerate the inflationary forces now at work in our economy. Current indications are that steel prices will not be raised until a number of months have elapsed, at least.

**Business Outlook Still Clouded**

The economy was revitalized in December by a swelling flow of urgently needed steel, the Federal Reserve Bank of New York observed in its January "Monthly Review." Automobile producers and many other steel users were able to recall furloughed employees and start filling back orders.

Christmas buying apparently set a new peak and boosted employment in retail trade and certain other fields. Some uncertainties in the economic picture were removed by the settlement of wage negotiations covering many employees of the copper industry, the East Coast docks, the aluminum industry, and the nation's two largest can companies. The settlement of the steel strike in early January, of course, removed another major question mark overhanging the business scene.

However, there were still many uncertain elements in the situation. The effects on prices of the wage settlements could not as yet be appraised. Numerous firms in need of steel were not yet receiving adequate supplies, and output and employment in many metal working and machinery industries consequently remained much below pre-strike levels.

Business plans for expenditures on plant and equipment indicate continuing strength in that area, the "Review" noted, although the anticipated rate of growth is slower than during the first three quarters of 1959. Shortages and uncertainties resulting from the steel strike did, of course, depress actual expenditures in the third quarter and presumably contributed to a downward revision in estimates for the fourth quarter. Further confirmation of increasing investment activity is found in the 6% increase in capital appropriations (seasonally adjusted) of large manufacturing firms between the second and third quarters of 1959 as reported by the National Industrial Conference Board. Excluding the strike-hit steel industry, the recent increase was the largest for any third quarter registered since this survey in 1956.

A second article, "The French Stabilization Program," notes the impressive results of France's comprehensive economic reform program launched a year ago to break the pattern of inflation and of recurrent balance-of-payments crises which have plagued the French economy throughout most of the postwar period. Confidence in the currency has been restored, official international reserves have been rebuilt to near-record levels, and the upward movement of prices has been slowed.

The reform program undertaken by the de Gaulle government attacked inflation on all fronts at once. A basic element in the success of the program was

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# Universal Oil Products Co. And Its 3,000 Patents

By Dr. Ira U. Cobleigh, Enterprise Economist

**Assembling a few facts about a unique company whose shares have only recently been publicly available.**

Somebody ought to take the word "oil" out of the Universal Oil Products Company corporate title. That's the only thing that has slowed down public and investor acceptance of UOP common—they think it's an oil company. And as you know the oil group has been low man on the market totem pole for a couple of years. So let's start the New Year by calling UOP a chemical, or a research and development company; in that way its unusual investment merits (and its stock) may be better appreciated.

**Brief History of Company**

Universal Oil Products started out as a company to hold, and collect royalties on, the patents of an inventor, one Jesse Dubbs. He had an oil cracking process, and a cracking good one. Nearly every oil company was sending in royalty checks to Universal when six of the big ones (oil companies, not checks) decided, in 1931, to fork over $25 million for the property. These companies were Phillips, Texaco, Shell, and three Standards—(Cal., N. J. and Indiana). They continued aggressive research at Universal, and developed, among other things, some sophisticated new processes for producing aviation gasoline. There was some feeling, however, particularly in the Justice Department, that these six giants might be preventing certain competitors from sharing the benefits of these patents, under license. So, to avoid criticism, the company assets were placed in the hands of Guaranty Trust Company, as Trustees, to operate the property for the benefit of a charity, Petroleum Research Fund. Under this arrangement the whole industry was able to use UOP processes on a royalty basis. In 1954, partly to diversify the assets delivering income to Petroleum Research Fund, and partly because a trustee management is, by nature, conservative rather than aggressive, it was decided to make Universal Oil Products a public company. To that end the common stock (2,900,000 shares) was publicly offered on Feb. 12, 1959 at $25 a share, and UOP was, in due course, listed on the N.Y.S.E.

**Progress Since Public Offering Of Shares**

Thus the stock has not long been in public hands, and relatively few know what the Company is really like, how it makes its money and where it's headed.

UOP is today the major independent company in the research, development and application of processes, products and refining technology in the petroleum industry. It is loaded with patents. It has 3,000 patents now and is adding new ones at the rate of 100 a year. While basically a consulting scientist to the oil trade, UOP has broadened its research horizons to serve as well the chemical, rubber and food industries.

**Major Income from Royalties**

The principal revenue producing patents of UOP are its Platforming, Reforming, Fluid Catalytic Cracking and Catalytic Polymerization processes, most efficient in the production of high octane automotive and aviation gasoline. Other processes gaining broad acceptance include Unifining for treating sour crude oil; Hydrar useful in making nylon out of benzene; and Molex to produce a superior quality jet fuel.

UOP licenses its customers for the use of these, and its other patents, under a two-way patent arrangement. The Company client can discharge in a single lump payment, its royalty obligation to UOP at the time the plant using the process goes into service; or it can make royalty payments at the rate of so much a barrel on plant through-put. Either way is acceptable, and last year royalties delivered 43% of gross earnings of Universal Oil Products (before general expenses).

**Other Revenue Sources**

UOP is also in the business of industrial construction. It has a wholly-owned company, Precon, Inc. which plans and builds not only catalyst units but entire refineries or chemical plants. This, of course, is a less stable business than collecting royalty checks. It is also less profitable, accounting (in 1958) for about 14% of gross profit. American refinery capacity is pretty fully built at the moment, but abroad, where the oil industry is growing at the rate of 7% a year, considerable new construction business is on the horizon and should account for perhaps 55% of total contracts in 1960.

Universal also sells a few products, mostly catalysts, some new and some used. It also sells some unusual chemicals called antiozonants. These are used to keep bakery products fresh longer, and to keep rubber from deteriorating due to ozone. UOP also makes and sells oxidation inhibitors.

As a fourth source of earnings, Universal earns fees as a consultant and engineering service organization. It has a large force of engineers and technicians who can go to a new plant, help get it going, analyze its operating results and efficiency, and iron out any "bugs." UOP will also survey a plant, analyze its needs and draw up a program covering whatever improvement, modification, plant addition or renewal may be indicated.

**Large Research Outlays**

While the above are the immediate moneymakers, UOP always has a sharp eye out for the products of the future. These it ideates by extensive research involving upwards of $9 million a year. This research includes the building of pilot plants and working with other companies, either to develop jointly new products, or to check on the results of some of their own laboratory tests. Right now Universal is working with Daystrom Corp. on a program to develop an entirely automatic chemical plant or refinery. On its own, it is working like a beaver on a catalytic system for reducing or removing the noxious fumes from motor car exhausts. There is obviously a vast future market here, and if UOP perfects and markets a unit that can de-smog and de-smell our streets and highways by sweetening the exhausts of 70 million motor vehicles, then board room traders may start buzzing about UOP common.

**Some Notes About Earnings**

Last year Universal Oil Products had a total income of $104.7 million and a per share net of $1.25. This latter figure may be viewed as substantially understated, however, due to an unusual accounting procedure. When the stock was publicly offered a year ago, the patents, carried earlier at $1 on the balance sheet, were revalued and restated at $28 million. This amount, the Internal Revenue Department has authorized to be written off over an eight year period, which works out to $1.18 a share annually. For 1959, due to somewhat reduced construction revenues, we would estimate reported earnings of $1.10 per share. Add to this the $1.18 write-off, and 52¢ in depreciation and you reach a cash flow figure of $2.80. This cash flow is important as it fattens the Treasury (the dividend is only 50¢ a share) and provides funds for expansion and acquisition. For 1960 we project cash earnings at $3.45.

Let's face it, UOP hasn't been around long enough to become widely known by investors or to be appreciated as essentially a scientific company. As such it should command a much higher price/earnings ratio. At current quotation 25⅝, UOP sells at 23 times reported earnings and about 9 times cash earnings.

While many glamor and scientific stocks have, in the past year, zoomed marketwise, UOP has done nothing, selling now at only a fraction above its original offering price. Yet here is a company with a brilliant research staff (including 50 Ph.D's) and a brilliant record of product and process development. It is moving ahead in the chemical as well as the oil business. It has excellent cash resources and rising earning power. There appear to be a lot more reasons for UOP to go up, than down. All you need to do is throw away the middle initial!

## Bernard, Winkler To Admit Bocklet

On Jan. 14 Charles Bocklet, Jr. will become a partner in Bernard, Winkler & Co., 11 Wall Street, New York City, members of the New York Stock Exchange.

## Jennett V.-P. Of A. G. Becker

CHICAGO, Ill. — Edward J. Jennett has been elected Vice-President of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York Stock Exchange. From 1925 until his retirement as Vice-President a short time ago, Mr. Jennett was with the First National Bank of Chicago.

# TAX-EXEMPT BOND MARKET

*BY DONALD D. MACKEY*

The Treasury Department's announcement on New Year's Eve guided the state and municipal bond market briefly into the new year with better tone than had obtained for a few weeks. The fact that imminent Treasury financing needs had been apparently reduced about one-half billion dollars, sent dealers and traders home on the eve of the holiday after having quoted the dollar issues up from one-quarter to one-half points. The way had been cleared by general improvement in the Treasury list.

On Monday, Jan. 4, 1960, the first business day of the new year, the opening was fairly auspicious but it soon quieted, lagged, and then eased. The generally unexpected settlement of the steel-labor negotiations first caused faltering Treasury issue quotations and the contagion spread to municipal corporate lists as fast as telephones permit. This situation, of course, touched off a reaction that effected Treasury bill borrowing costs to record proportions. We mention them here as a matter of comparison. The 13 week bills sold at prices equal to an average yield of 4.602% and the 26 week bills at an average yield of 5.099%. At the close of business five interest bearing Treasury issues were at prices yielding better than 5%.

The bond market sustained another telling blow after the close on Monday when an increase to 5½% on security collateral loans was announced by the larger New York City banks. Some bankers seem to expect an increase in the prime rate in the near future because of the heavy demand for loans generally and because of expected increases in business borrowing now that a steel strike has been averted.

The **Commercial and Financial Chronicle's** State and Municipal Bond Index has increased this week to 3.680% in terms of yield. Last week it was at 3.65%. This average yield increase represents about a one-quarter point drop in the market for high grade 20 year, general obligation bonds, calculated at the offering side of the market.

Despite the progressively lower market, its technical position continues relatively good and when considered strictly from an inventory viewpoint it is better than has been the case for many weeks. According to the "Blue List," certainly the most accurate inventory indicator, the total as shown Jan. 6 is $280,392,000 of state and municipal bonds. A week ago the total was $310,039,870. This substantial reduction is in part due to the absence of new issue sales during the holiday week. However, it does represent relatively good business during a period of normally slack business. It is particularly remarkable in view of the now well established easier market trend. This resistance to trend and circumstance lies in the relatively high yields available in good quality bonds. Substantial investment emphasis has been shifted to tax exempt bonds because of this and has resulted in an orderly market for tax exempts. Heavy new issue volume may temporarily upset this sensitive balance but further demand will be generated in response to any more generous yield situation.

On Tuesday, Jan. 5, 1960, Santa Monica, Calif. awarded $2,500,000 School District bonds (1961-1980) to the group headed by the Bank of America. Prices were scaled to yield 3.85% and less than $1,000,000 remains in account. Another California issue came up for sale yesterday. A Bank of America group was awarded $4,435,000 San Jose, Calif. bonds (1961-1980). The issue was scaled to yield 3.75% for the 1979 maturity. The 1980 maturity, bearing a one-quarter of one per cent coupon was not reoffered.

The F. S. Smithers & Company Group won $3,600,000 West Virginia, Bridge Revenue bonds due 1963-1985. The bonds were reoffered at prices to yield from 3.50% to 4.60%. Although the bonds are payable from toll revenues this issue is described as a moral obligation of the state highway department. This relatively high yielding offering was well taken by investors and less than $700,000 remains in account.

The bids made for the Santa Monica and San Jose bonds appear aggressive in view of $100,000,000 State of California bonds (1961-1983) scheduled for sale (1/13/60) next Wednesday. This issue was originally scheduled for sale 12/9/59 but was postponed because of market conditions. In the meantime, the general market level is considerably lower, and barring an unforeseen market turnabout, the bid next week may be lower than would have obtained on Dec. 9th. It would seem that with a substantial reduction in N. Y. Power Authority issue, and with the possibility that California may again postpone, lacking a suitable bid indication, the market may take on a temporarily improved tone despite the moderately heavy new issue calendar otherwise ahead.

Other than the New York Power and State of California issues scheduled next week, important proposed underwritings include $13,600,000 San Francisco, Calif. bonds (1961-1980) and $11,800,000 Seattle, Wash. Water Revenue bonds (1969-1985) both selling Monday (1/11/60) as well as, $23,121,000 State of Maryland bonds (1963-1975) and $32,000,000 Tacoma, Wash. bonds (1964-2010) each selling Tuesday (1/12/60). Other less important offerings combine to make the week of utmost importance to dealers





## Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

*Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.*

| | | | |
|---|---|---|---|
| **January 7 (Thursday)** | | | |
| Toledo City School District, Ohio | 10,000,000 | 1961-1983 | Noon |
| **January 11 (Monday)** | | | |
| Lower Camden County Regional [illegible] N. J. | 2,780,000 | 1960-1978 | 8:00 p.m. |
| Red Wing, Minn. | 2,250,000 | 1962-1980 | 2:00 p.m. |
| Saginaw, Mich. | 2,000,000 | 1960-1985 | 7:30 p.m. |
| San Francisco, Calif. | 13,600,000 | 1961-1975 | 10:00 a.m. |
| Seattle, Wash. | 1,800,000 | 1969-1985 | 10:00 a.m. |
| Seattle, Wash. | 10,000,000 | 1969-1985 | 10:00 a.m. |
| Seattle, Wash. | 11,800,000 | -------- | -------- |
| Shively, Ky. | 3,855,000 | 1962-1999 | 8:00 p.m. |
| Spring Branch Ind. Sch. Dist., Tex. | 2,892,000 | 1961-1990 | 8:00 p.m. |
| **January 12 (Tuesday)** | | | |
| Columbus City School Dist., Ohio | 8,000,000 | 1961-1983 | Noon |
| Los Angeles, Calif. | 6,700,000 | 1962-1990 | 10:00 a.m. |
| Maryland (State of) | 23,121,000 | 1963-1975 | 10:30 a.m. |
| Monroe, La. | 5,500,000 | 1962-1990 | 10:00 a.m. |
| *N. Y. State Power Auth., N. Y. | 120,000,000 | -------- | -------- |
| Pasadena School Districts, Calif. | 4,840,000 | 1961-1980 | 9:00 a.m. |
| South Bend School City, Ind. | 1,220,000 | 1960-1963 | 2:30 p.m. |
| Tacoma, Wash. | 32,000,000 | 1964-2010 | 2:00 p.m. |
| West Ottawa Public School Dist. No. 59, Mich. | 2,700,000 | 1960-1989 | 8:00 p.m. |
| **January 13 (Wednesday)** | | | |
| California (State of) | 100,000,000 | 1961-1985 | -------- |
| Colerain Township Local School District, Ohio | 1,300,000 | 1961-1982 | Noon |
| King County, Highline Sch. Dist. No. 401, Wash. | 1,485,000 | 1961-1979 | 11:00 a.m. |
| **January 14 (Thursday)** | | | |
| Passaic County, Manchester Regional High Sch. Dist., N. J. | 2,750,000 | 1960-1983 | 8:00 p.m. |
| South Tahoe Public Utility Dist., California | 1,250,000 | 1962-1989 | 8:00 p.m. |
| **January 15 (Friday)** | | | |
| Howland Township Local School District, Ohio | 1,775,000 | 1961-1984 | 3:00 p.m. |
| University of Detroit | 1,550,000 | 1961-1998 | 10:00 a.m. |
| **January 16 (Saturday)** | | | |
| University of Nevada | 1,382,000 | 1962-1999 | 10:00 a.m. |
| **January 18 (Monday)** | | | |
| King County, Ronald Sewer Dist., Washington | 1,360,000 | 1963-1990 | 8:00 p.m. |
| University of Maryland | 1,500,000 | 1961-1988 | 11:00 a.m. |
| **January 19 (Tuesday)** | | | |
| Arcadia Unified Sch. Dist., Calif. | 1,925,000 | 1962-1980 | 9:00 a.m. |
| Cumberland County, Pa. | 1,750,000 | 1961-1985 | 7:30 p.m. |
| Detroit, Mich. | 7,400,000 | 1961-1985 | 10:00 a.m. |
| Detroit, Mich. | 5,775,000 | 1961-1985 | 10:00 a.m. |
| Fullerton, Calif. | 1,000,000 | 1961-1980 | 7:30 p.m. |
| White Plains City Sch. Dist., N. Y. | 1,995,000 | 1960-1967 | 11:00 a.m. |
| Winnetka, Ill. | 1,000,000 | 1961-1980 | 8:00 p.m. |
| **January 20 (Wednesday)** | | | |
| Defiance City Sch. Dist., Ohio | 1,350,000 | 1961-1983 | Noon |
| East Muskingum Sch. Dist., Ohio | 1,100,000 | 1961-1982 | Noon |
| Louisiana (State of) | 15,000,000 | 1961-1984 | 11:00 a.m. |
| Mansfield City School Dist., Ohio | 6,000,000 | 1961-1985 | 2:00 p.m. |
| North Carolina (State of) | 11,106,000 | 1961-1979 | 11:00 a.m. |
| Ramsey Co., Minn. | 1,450,000 | 1961-1990 | 10:00 a.m. |
| South St. Paul Special School Dist. No. 6, Minn. | 1,450,000 | -------- | 8:00 p.m. |
| Washington (State of) | 18,000,000 | 1967-1977 | 10:30 a.m. |
| Washington (State of) | 10,089,000 | 1961-1979 | 10:30 a.m. |
| Wayne Community School Dist., Michigan | 4,360,000 | 1960-1985 | 8:00 p.m. |
| **January 28 (Thursday)** | | | |
| Springfield City School Dist., Ohio | 3,900,000 | -------- | -------- |
| **February 4 (Thursday)** | | | |
| New York, N. Y. | 22,000,000 | 1961-1965 | 11:00 a.m. |
| **February 9 (Tuesday)** | | | |
| Public Housing Administration (local Authority bonds) | 102,800,000 | -------- | -------- |
| Washington Suburban Sanitary District, Maryland | 10,000,000 | 1961-1990 | -------- |

*A negotiated sale to be underwritten by syndicate headed by Dillon, Read & Co., Halsey, Stuart & Co., Kuhn, Loeb & Co., and W. H. Morton & Co. Amount of issue was originally intended to be $200 million.

and investors. High grade offerings at seldom seen yields should become available.

Important additions to the February new issue Calendar include $22,000,000 New York City bonds (1961-1965) scheduled for 2/4/60, and $102,800,000 Public Housing Administration bonds (1965-2000) scheduled for 2/9/60.

There appear to be no important negotiated type issues other than the New York Power Authority issue, ready for January marketing.

**MARKET ON REPRESENTATIVE SERIAL ISSUES**

| | Rate | Maturity | Bid | Asked |
|---|---|---|---|---|
| California (State) | 3½% | 1978-1980 | 4.15% | 4.00% |
| Connecticut (State) | 3¾% | 1980-1982 | 3.55% | 3.40% |
| New Jersey Highway Auth., Gtd. | 3% | 1978-1980 | 3.90% | 3.75% |
| New York (State) | 3% | 1978-1979 | 3.85% | 3.70% |
| Pennsylvania (State) | 3⅜% | 1974-1975 | 3.35% | 3.20% |
| Vermont (State) | 3⅛% | 1978-1979 | 3.30% | 3.20% |
| New Housing Auth. (N. Y., N. Y.) | 3½% | 1977-1980 | 3.50% | 3.35% |
| Los Angeles, Calif. | 3¾% | 1978-1980 | 4.10% | 3.90% |
| Baltimore, Md. | 3¼% | 1980 | 3.90% | 3.75% |
| Cincinnati, Ohio | 3½% | 1980 | 3.65% | 3.50% |
| New Orleans, La. | 3¼% | 1979 | 4.05% | 3.90% |
| Chicago, Ill. | 3¼% | 1977 | 4.05% | 3.90% |
| New York City, N. Y. | 3% | 1980 | [illegible] | [illegible] |

January 6, 1960 — Index = 3.680%

**DOLLAR BOND QUOTES AND RELATED INFORMATION**

(Prices and yields are approximate)

| Issue— | First Callable Date (as a whole) | Call Price | Offering Price | Net Changes from Prev. Week | Yield to Maturity |
|---|---|---|---|---|---|
| Chelan Co., Wash. PUD No. 1 5% 7-1-2013 | 1-1-1978 | 100 | 107½ | — ¾ | 4.62% |
| Chicago-O'Hare Airport 4¾% 1-1-1999 | 1-1-1974 | 104¾ | 105½ | (*) | 4.45% |
| Chicago Reg. Port 4% 7-1-1995 | 7-1-1962 | 103½ | 91 | (*) | 4.50% |
| Florida Turnpike Authority 3¼% 4-1-1995 | 4-1-1962 | 103½ | 84 | + ¼ | 4.11% |
| Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005 | 5-1-1966 | 103 | 93½ | — ¼ | 4.19% |
| Illinois Toll Highway 3¾% 1-1-1995 | 1-1-1965 | 103¾ | 72½ | — ¼ | 5.53% |
| Illinois Toll Highway 4¾% 1-1-1998 | 1-1-1978 | 104¾ | 89 | — ¾ | 5.43% |
| Indiana Toll Highway 3½% 1-1-1994 | 1-1-1962 | 103 | 85¼ | — ¼ | 4.32% |
| Jacksonville, Fla. Exp. 4¼% 7-1-1992 | 7-1-1967 | 103 | 102½ | (*) | 4.11% |
| Kansas Turnpike Authority 3⅜% 10-1-1994 | 10-1-1962 | 103 | 72¾ | + ½ | 5.04% |
| Kentucky Turnpike Authority 3.40% 7-1-1994 | 7-1-1960 | 104 | 89½ | — ½ | 3.96% |
| Mackinac Bridge Authority 4% 1-1-1994 | 1-1-1964 | 108 | 86½ | +1 | 4.80% |
| Maine Turnpike Authority 4% 1-1-1989 | 1-1-1958 | 104 | 82 | + ¾ | 5.20% |
| Massachusetts Turnpike Authority 3.30% 5-1-1994 | 5-1-1962 | 103½ | 82 | — ½ | 4.30% |
| Massachusetts Port Authority 4¾% 10-1-1998 | 10-1-1969 | 104 | 103¼ | + ½ | 4.57% |
| New Jersey Turnpike Authority 3⅜% 7-1-1988 | 7-1-1958 | 103½ | 91½ | —1¼ | 3.87% |
| New York Power Authority 3.20% 1-1-1995 | 1-1-1963 | 103 | 82 | —1 | 4.17% |
| New York Power Authority 4.20% 1-1-2006 | 1-1-1970 | 103 | 98⅝ | — ⅜ | 4.27% |
| New York Thruway Authority 3.10% 7-1-1994 | 7-1-1960 | 103½ | 82 | (*) | 4.07% |
| Ohio Turnpike Authority 3¼% 6-1-1992 | 6-1-1959 | 103 | 84¾ | + ¼ | 4.10% |
| Pennsylvania Turnpike Authority 3.10% 6-1-1993 | 6-1-1959 | 103 | 81 | —1 | 4.15% |
| Richmond-Petersburg Turnpike 3.45% 7-1-1995 | 7-1-1963 | 103½ | 76¾ | —1¼ | 4.82% |
| Tri-Dam Project, Calif. 3.05% 7-1-2004 | 7-1-1959 | 104 | 80¾ | —1 | 3.97% |
| Virginia Toll Revenue 3% 9-1-1994 | 9-1-1959 | 105 | 84¼ | — ¼ | 3.82% |

(*) Unchanged.



# The Security I Like Best

*Continued from page 2*

years that sound management can build a successful business through prudent and efficient expansion. This chain of new department stores has an enviable record and their current growth rate seems to indicate that the future will be as bright as the past. The stock, at around 12½ in the Over-the-Counter Market, sells on a very attractive price earnings ratio and it is our opinion that this security is a worthy inclusion in a portfolio of an investor desiring a well run established company offering a reasonable yield with excellent prospects for continued future growth.

## A. W. Battin With Stone & Webster

PHILADELPHIA, Pa.—Stone & Webster Securities Corporation, Philadelphia National Bank Building, announced that A. William Battin has become associated with them as manager of the Municipal Bond Department of their Philadelphia office.

Mr. Battin was formerly manager of the Municipal department for Harriman Ripley & Co., Incorporated in Philadelphia.

## Bregman, Cummings Admit Two Partners

John F. Roche and Herbert Zimmerman became partners in Bregman, Cummings & Co., 74 Trinity Place, New York City, members of the American Stock Exchange.

## Roulston V.-P. Of Cunningham

CLEVELAND, Ohio — Thomas H. Roulston II has been elected a Vice-President of Cunningham, Gunn & Carey, Inc., Union Commerce Building, members of the Midwest Stock Exchange.

## Hirschberg Joins La Salle Secs.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Edward A. Hirschberg has become associated with La Salle Securities Co., 208 South La Salle Street, members of the Midwest Stock Exchange. Mr. Hirschberg was formerly for many years with the Greenebaum Investment Company, in charge of their real estate trading department.

### Brown Bros. Firm Admits Partners

Brown Brothers Harriman & Co., 59 Wall Street, members of the New York Stock Exchange, have announced the admission of Frank W. Hoch, R. L. Ireland III and L. J. Newquist as general partners in the firm.

### A. G. Edwards Sons Admits Partners

Benjamin F. Edwards III and William F. Sanford have been admitted to general partnership in the New York Stock Exchange firm of A. G. Edwards & Sons.

Mr. Edwards, a great grandson of the founding partner, A. G. Edwards, will make his headquarters in St. Louis, 409 North Eight Street.

Mr. Sanford was formerly President of Atlantic Plastics Company and prior to that an officer of the New York Trust Company. He will make his headquarters with A. G. Edwards at the 17 Battery Place, New York office.

### K. J. Brown Branch

BLOOMINGTON, Ind. — K. J. Brown & Co., Inc. has opened a branch office in the Citizens Bank and Trust Company Building under the management of John Pfenninger.

# DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

*IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:*

**Bache Selected List**—Selected stocks with recommendations as to purchase or sale—Bache & Co., 36 Wall Street, New York 5, N. Y.

**Building a Second Income**—Booklet on investing—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

**Burnham View**—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

**Canadian Oil Industry**—Analysis—Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, N. Y.

**Chemical Industry**—Discussion of "Blue Chips" in the industry and some growth opportunities—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

**Close of the Year**—Observations—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Convertible Bonds & Preferred Stocks**—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a tabulation of **Natural Gas Utility Companies.**

**Fire & Casualty Insurance Stocks**—Memorandum—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **J. I. Case Co.**

**Industrial Classifications of Securities Traded on the American Stock Exchange**—Listing for almost 800 companies and 900 issues under 29 major industrial classifications and 60 sub-classifications, with ticker symbols, par values, price ranges and shares outstanding—American Stock Exchange, 86 Trinity Place, New York 6, N. Y.

**Japanese Stock Market**—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co. and a survey of the Steel Industry.**

**Japanese Stocks**—Current Information—Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

**Municipal Bond Review and Outlook**—Annual survey—Goodbody & Co., 2 Broadway, New York 4, N. Y.

**New York Stock Exchange Statistical Summary**—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

**Outlook for Investments in 1960**—Review—A. M. Kidder & Co. Inc., 1 Wall Street, New York 5, N. Y. Also available are data on **Thompson Ramo Wooldridge Corp., Motor Wheel Corp.,** and **Western Auto Supply Co.**

**Over-the-Counter Index**—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

* * *

**Aeroquip**—Memorandum—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

**American Can Company**—Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Borg-Warner Corp., Columbia Gas System, Inc., W. T. Grant Company, Philip Morris, Inc.** and **Reliance Insurance Co.**

**American Seating**—Memorandum—Weingarten & Co., 551 Fifth Avenue, New York 17, N. Y.

**American Smelting & Refining Co.**—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

**American Tobacco**—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular is an analysis of **El Paso Natural Gas.**

**Arrowhead & Puritas Waters, Inc.**—Analysis Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Tax Free Municipal Bonds.**

**Babcock Radio Engineering**—Bulletin—W. F. Taylor, 639 South Spring Street, Los Angeles 14, Calif.

**Baltimore & Ohio**—Data—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are data on **New York Central** and **Rath Packing Co.** and a list of issues which appear interesting for income, appreciation, or growth.

**Beechnut Life Savers**—Memorandum—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

**Blackwell Oil & Gas Co.**—Memorandum—Miller & Co., 105 East Fourth Street, Tulsa 3, Okla.

**Blossman Hydratane Gas, Inc.**—Research report—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

**California Interstate Telephone Company**—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 13, Calif.

**Continental Insurance**—Review in January "Investment Letter"—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the same issue are data on **Home Insurance** and **Lear, Inc.**

**Douglas Microwave, Inc.**—Report—Meade & Company, 27 William Street, New York 5, N. Y.

**General Cable Corporation**—Analysis—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

**General Electric**—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a list of stocks the firm considers good buys in the current market.

**General Instrument**—Memorandum—Herzig, Farber & McKenna, 50 Broadway, New York 4, N. Y.

**General Railway Signal**—Bulletin—Blair & Co., Incorporated, 105 South La Salle Street, Chicago 3, Ill.

**General Telephone & Electronics Corp.**—Bulletin—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

**M. Lowenstein & Sons, Inc.**—Analysis—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

**Mack Trucks**—Data—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are data on **Cluett, Peabody** and **Borg-Warner.**

**Midwest Technical Development Corporation**—Analysis—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

**North America Bowling Inc.**—Memorandum—Auchincloss, Parker & Redpath, 1705 H Street, N. W., Washington 6, D. C.

**Owens-Illinois Glass**—Memorandum—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

**Pennsalt Chemicals**—Bulletin—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

**Penton Publishing Company**—Analysis—Fulton Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio. Also available are analyses of **Roadway Express, Inc.** and **Stouffer Corporation.**

**Pickering Lumber Co.**—Memorandum—Edward D. Jones & Co., 300 North Fourth Street, St. Louis 2, Mo.

**Public Service Electric & Gas**—Memorandum—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

**Sawhill Tubular Products, Inc.**—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

**Statham Instruments, Inc.**—Analysis—Joseph Walker & Sons, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Zale Jewelry Company, Inc.**

**Swift & Co.**—Data—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y. Also in the same circular are data on **Public Service Electric & Gas Co.** and **Burlington Industries.**

**Thomas & Betts**—Review in the January "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. In the same issue are reviews of **Aztec Oil & Gas Corp., American Machine & Foundry, Lamson & Sessions Co., Southern Services, Inc., Dayton Rubber Company, Alpha Cement,** and **J. C. Penney Co.** Also available is a memorandum on **Continental Insurance Co. of New York.**

**Understanding Put & Call Options**—Herbert Filer—Crown Publishers. Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

**Wells Fargo Bank American Trust Company**—Analysis—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

**Whitin Machine Works**—Memorandum—Morris Cohon & Co., 19 Rector Street, New York 6, N. Y.

**F. W. Woolworth Co.**—Review in current "Investment Letter"—Carreau & Company, 115 Broadway, New York 6, N. Y. Also in the same issue is a discussion of the outlook for the market and lists of selected issues in growth categories.

## Dominick & Dominick Admit Partners

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, have announced that Donald D. Mackey, William T. Smith, Mason B. Starring III and Myron A. Wick, Jr., have been admitted as general partners of the firm.

## Hemphill, Noyes Co. Admit Two to Firm

Hemphill, Noyes & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, and other principal securities exchanges, have announced that Clifford Hemphill, Jr. and Stephen C. Reynolds, Jr. have been admitted to general partnership in the firm.

## Kuhn, Loeb Co. Partnership Changes

Kuhn, Loeb & Co., 30 Wall Street, New York City, members of the New York Stock Exchange, have announced the admission of John M. Leonard and Nathaniel Samuels to general partnership in the firm.

Gilbert W. Kahn, Percy M. Stewart and Robert F. Brown, formerly general partners, have become limited partners.

# Gilt-Edged Yields Don't Tempt British from Equities

*By* Paul Einzig

**Diverse reasons supporting bullish view generally held regarding the outlook for admittedly lower average yield on first-class British equities—compared to higher yielding long-term government loans—can be expected to sustain the end-of-year optimism in the absence of overriding unfavorable news. Seeing no evidence of economic unsoundness and boom-like conditions outside the Stock Exchange, the writer concludes capital goods industry now beginning to benefit by the recovery will do well in 1960 and, in turn, further invigorate the consumer durable goods industry.**

*LONDON, England* — The year 1959 ended in Britain in an atmosphere of optimism. Between Christmas and the New Year the Stock Exchange had some very good days, at any rate as far as industrial equities were concerned. Even Government loans recovered somewhat from their recent decline, but for them the outlook in the New Year does not appear to be unduly promising. However, British opinion has grown used to witnessing a dull gilt-edged market. It is the market in industrials that has come to be regarded as the barometer indicating the economic outlook. And as far as that market is concerned a very high degree of optimism prevails in most sections of vocal public opinion.

It is true, one does encounter counsels of caution here and there. The same people who have been saying for months that the Stock Exchange boom had been "overdone" and a relapse had long been overdue continue to say it, though not too loudly because of the obvious unpopularity of their prophesy of doom. Now that the average yield on first-class equities is some 1½% below the yield on long-term government loans some investment counsellors advise their clients to switch over into the latter in order to secure for themselves a high yield. No doubt if one could be certain that the inflation is over for the time being and that it will not revive there would be much to be said for that advice. In the absence of a further rise in prices the gilt-edged market could reasonably expect a fairly substantial recovery in the ordinary way.

**Suppose Inflation Is Not Dead**

The trouble is that one is not safe in taking it for granted that inflation is dead. Even though the outlook in this respect is now more favorable than it has been since before the war, it would be tempting providence to assume that inflation is now dead. And should it resume its course then even the present low price level of government securities would soon prove to be too high.

In addition, the government's forthcoming Bill authorizing trustees to invest into equities a certain proportion of the funds under their control is certain to become law before the summer, in which case some hundreds of millions of pounds will be switched from government loans into equities. This alone justified a fair degree of optimism about the outlook for equities and a corresponding degree of pessimism about government loans. And if a revival of some extent of inflation should be superimposed over the effects of such an institutional change the result might well be a very pronounced rise in equities and a fairly pronounced decline in government loans.

Moreover, even though the average level of yields on first-class industrials is on the low side, that average is composed of individual yields some of which are admittedly absurdly low while others are still reasonably high. There is still a fair scope for bargain-hunting in neglected sections of the industrial markets, even among the first-class stocks some of which have failed to benefit adequately, if at all, by the post-election boom.

**Economy Is Found Sound**

In spite of this, the prophets of doom insist that markets are far too high and take it for granted that the physical principle that anything that has gone up is bound to fall down is bound to change. Yet there are as yet no operate also on the Stock Exchange boom-like conditions outside the Stock Exchange, and there is no evidence of any exaggerated unsound expansion in the British economy, that would call for correction. On the contrary, the capital goods industries are only just beginning to benefit by the recovery. There is reason to believe that 1960 will be their year, just as 1959 was the year of consumer durable goods industries. The latter, too, are likely to benefit further by a boom in the capital goods industries.

The Conservative electioneering slogan, "We have never had it so good" has become a favorite joke applied in a wide variety of ways, but it does represent the truth. It is true, the number of direct beneficiaries of the rise in equities is only a few millions of families. But the multiplier effect of their increased spending is spreading over the luxury trades and encourages the production of high-grade goods. It leads to the increase in consumer purchasing power, in addition to wage increases, through up-grading of workers required by luxury trades. It remains to be seen whether the increase of the output will be able to keep pace with this expansion of purchasing power. If not, the postwar inflationary formula of "too much money chasing too few goods" would reappear in a modified form allowing for the increase in the volume of goods which, impressive as it is, is outpaced by an even more impressive decrease in purchasing power.

However, amidst the end-of-year optimism there is little or no room for such gloomy thoughts. It seems probable at the time of writing that, during the early weeks of the New Year at any rate, investors and speculators will retain their optimistic attitude, unless there should be some unfavorable news. The optimistic tone of Wall Street forecasts is duly noted here. Even though some prophets keep mumbling something about "1929 and all that" few people take any notice of them. The advent of a New Year itself usually generates optimism, and this year it is doing so in exceptionally large measure.

## Warren V.-P. of Reynolds Co., Inc.

PHILADELPHIA, Pa.—Lawrence S. Warren has been elected a Vice-President of Reynolds & Co., Inc. Mr. Warren, who has been active in the investment securities business for the past 32 years, is associated with Reynolds & Co., Inc. in their Philadelphia office, 1526 Chestnut Street.

**With Ralph E. Samuel**

Murray L. Silberstein has joined the staff of Ralph E. Samuel & Co., 2 Broadway, New York City, members of the New York Stock Exchange.

## Harriman Ripley Appoints Two

George F. Bauer has been elected treasurer of the investment firm of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, to succeed Oliver E. Seibert, who has retired, it was announced by Stuart S. Silloway, President.

George F. Bauer

Mr. Bauer, who has been serving in the capacity of assistant treasurer for a number of years, was with The National City Company from 1921 until 1934 when he became a member of the staff of Harriman Ripley & Co., Incorporated.

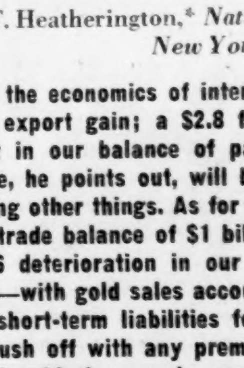
Philip G. Turner has been appointed manager of the corporation's San Francisco office, 235 Montgomery Street. Prior to joining Harriman Ripley in April, 1959, Mr. Turner was assistant vice-president of the National Bank of Detroit, Mich.

# The Economic Outlook: The Balance of Trade in 1960

By Donald F. Heatherington,* National Foreign Trade Council, Inc. New York City

**Specialist in the economics of international trade forecasts for 1960 a $2 billion export gain; a $2.8 favorable balance of trade and a lower deficit in our balance of payments. Offsetting the improved trade-balance, he points out, will be foreign aid and private capital outflow among other things. As for 1959, Mr. Heatherington estimates a favorable trade balance of $1 billion but that offsetting items will cause a $3.6 deterioration in our payments-balance—slightly more than in 1958—with gold sales accounting for $1 billion of this and an increase in short-term liabilities for the remainder. He cautions we should not rush off with any premature or drastic solution until we know if the trouble is organic, requiring all-out correctives, or temporary and self-correcting.**

Nineteen-fifty-nine will be remembered, if for no other reason, as the year in which the halo round the dollar slipped perceptibly and the American public was jolted into the unwelcome discovery that the United States was not exempt from balance of payments difficulties. This was a turn of affairs which few persons—including most of us—exactly foresaw as a possibility, even less as a probability, two years ago when the great cry was still the inevitable persistence of a dollar gap. In fact, until 1957 there had been in every year save one since 1949 a net loss of gold and/or an increase in foreign liquid dollar assets. These deficits were generally dismissed as manageable, as no threat to the dollar, and as a necessary and desirable means by which the depleted exchange reserves of the rest of the world could be restored. In 1958, however, the deficit shot up to better than $3.4 billion, or about $2 billion more than in 1956. The immediate cause was a decline of $1.1 billion in exports, an increase of $400 million in military expenditures and a general lifting of all current account payments. Last January the common expectation was that during 1959 there would be a drop-off in the inflow of capital and in gold sales, and a recovery of exports sufficient to bring them near their 1956 value. Even so, the net improvement projected from 1958 amounted to only about $400 million, since it was estimated that merchandise imports would on a percentage basis gain more than exports and on a value basis by as much as exports.



D. F. Heatherington

By as early as the end of the first quarter there were definite signs that the extent of the probable import expansion had been underestimated. It seemed equally certain that exports, on the other hand, had been rather substantially overstated. By mid-year few doubts remained. The one uncertainty was whether exports could and would revive sufficiently during the second half of the year to bring the total for 1959 at least up to the 1958 level.

On the basis of such partial and preliminary data as we now have for the fourth quarter, imports should easily top $15 billion this year, conceivably by as much as $200 million. If so, the increase over 1958 would be by more than $2 billion or 16%. Since exports of late have been showing renewed strength, for 1959 as a whole they could match the 1958 total of $16.2 billion and probably will come very close to doing so despite a slow start. At these levels the trade surplus would be in the neighborhood of $1 billion, or about a third that of 1958. The current account is unlikely at best to be more than in balance, whereas in 1958 it produced a $2.2 billion surplus.

Although—compared with last year—other outlays in the form of unilateral transfers and capital movements will be higher in total, the capital outflow by itself actually would lag considerably behind were it not for the inclusion of one special and presumably non-recurrent transaction, namely, the $1,375 million additional subscription payment to the International Monetary Fund. Over the first three quarters of the year the total net outflow of private capital was more than $550 million below the comparable period of 1958. The direct investment component, however, was nearly $300 million ahead. The shortfall in the total is attributable to a decline in purchases of new issues and to a sharp reversal from a net outward movement of short-term funds to a substantial inflow. The acceleration of debt repayment by foreign governments, particularly the $250 million paid by the British Government to the Export-Import Bank in advance settlement of the 1957 loan, should materially reduce the net outflow in the fourth quarter.

### Expects $1 Billion Gold Sales in 1959

What will be the net effect of these transactions on our gold and dollar liability position? Before making any allowances or adjustments, it is evident that expenditures—including those on capital account — will roughly exceed receipts, exclusive of foreign capital inflows, by between $6.2 billion and $6.4 billion. Of this sum, however, to put the matter in better perspective, approximately $1.4 billion must be set aside as having been turned over to the International Monetary Fund and thus constituting in effect a secondary reserve for the United States. Direct and long-term portfolio investments in this country by foreigners are expected to take up another $500-$600 million. Although this is a substantial inflow, there was one of similar magnitude in 1956. One final allowance must also be made for the familiar item of "errors and omissions," which has been running rather high, around $700 million for the first nine months. On balance then, our gold and dollar liability position will have deteriorated during 1959 by around $3.6 billion or slightly more than in 1958. Gold sales will account for approximately a billion dollars, and increased liabilities on short-term for most of the remainder.

Now, against this background, what can or should we anticipate for 1960? It has become somewhat customary to appraise the prospects for the balance of payments by looking first at potential dollar availabilities, and secondly at the pattern of their utilization. This approach has been based on the assumption or general conclusion that dollar availabilities in a given year have been the limiting factor in our sales of goods and services abroad. Within the past three years the validity of this particular assumption when applied to the overall has gradually all but disappeared as reserves of gold and dollars have been built up to a point where near-convertibility could be restored to the currencies of Western Europe. While there still is a general deficiency of exchange in various countries, there is no immediate shortness of dollars as such to act as a limitation on purchases here. Having said all this, the "availability-utilization" approach is, nevertheless, still a convenient and useful one to employ.

### Analyzes Prospects for 1960

Merchandise imports quite obviously constitute by far the largest single element of dollar expenditure. They have, in fact, increased fairly steadily in both volume and total value throughout the postwar period. Since 1946 the quantum index for imports has dropped in only three out of the 13 years, in 1949, 1951 and 1954 by 3, 2 and 11 points, respectively. On each occasion, moreover, they have rebounded to even higher levels, rising over the period by more than 100% in volume and 160% in value. The gain this year has been spread over all categories, with the largest absolute increases in machinery and vehicles, metals and manufactures, and textile fibers and manufactures. Autos and parts have accounted for about 60% of the expansion in machinery and vehicles, while iron and steel mill products have been responsible for two-thirds of the gain in metals and manufactures. Much of this, however, must be attributed to the ramified influences of the steel strike, and thus presumedly does not represent a sustainable advance to a new high level of sales. In terms of areas, all regions have shared in the year's enlarged market. Western Europe, has of course, profited most, accounting for well over half of the rise through the third quarter. Asia, especially Japan, has followed at some distance, but nonetheless fared well.

Although another import increase of comparable magnitude next year is regarded as most unlikely, maintenance of at least the current rate and perhaps even some slight improvement appears assured. The combination of a vigorous and prospering American economy, which is being generally predicted, genuine and growing consumer interest in imported products, continued and perhaps intensified sales efforts by European and Japanese producers and exporters, and the chance that there may be some small advances in material prices, all point toward a further expansion of imports. But at the same time, the sharp import rise of the first half has not continued into the second half of the year, and there has in fact been some flattening out; imports of iron and steel mill products presumably will fall off with the resumption and pick-up of domestic steel production, and in the absence of another extended strike; the advent of the compact car, while not expected to replace or even cut into the existing volume of imports, might slow down the pace at which European-made cars have increasingly been entering the market; and, finally, there are indications that industrial demand for imports may level off, lacking the sharp stimulus which the initial stages of business recovery gave in the early part of this year. On balance, the prospects — conservatively speaking—are for imports in 1960 to be around $500 million higher than the 1959 total.

### Discusses Private Capital Outflow

On the whole, one would guess that other current account payments will not change appreciably in either direction during 1960. Such reductions as might be effected in military expenditures overseas, and there is a considerable amount of at least vocal support for such an effort, will in all likelihood be offset by normal and natural increases in tourist spendings, transportation payments, and the like. Government aid might very well also be brought down, but it is difficult to measure this since it not only involves pipe line carryover but a reading of the uncertain mind of Congress on future programs. Private capital investment, however, might move up a little. Granted that the treatment meted out to American investments and American investors in some countries during the past few months cannot but have a deterrent effect on new investment, not only in these countries but in general, the momentum behind foreign investment is still high. Moreover, the demand abroad for capital and for business investment continues to expand. The degree of European interest is suggested by the fact that a goodly number of the countries in Western Europe, including even tiny Luxembourg, have established Development Councils or Investment Boards

whose main occupation is to search out and entice American private capital to the specific country. The dimensions of other capital flows will to a very considerable degree be determined by the policies pursued by the monetary authorities here and abroad, but as of the moment the prospect would be for little change from the 1959 totals.

On these premises, total expenditures next year would exceed those of 1959 by some $700 million, omitting from the comparison the previously mentioned payment to the International Monetary Fund. This is a relatively moderate increase, and it is not too difficult to envisage conditions under which the rise might amount to $1 billion or more. Private capital outflows, for example, might be stepped up in response to unforeseen policy shifts, while some of the reductions anticipated may fail of accomplishment.

Moving rapidly to the question of dollar utilization, there is no particular reason to expect income from transportation, travel or the performance of miscellaneous services to expand by more than $100-$200 million at most. By the same token, however, with a higher level of world trade freight earnings should be larger, while the reduction or relaxation of restrictions on travel abroad by many foreign countries together with the drive to encourage visits to the United States in 1960 should enhance receipts from this source. Income on investments might also pick up slightly, both by reason of the constantly expanding total of such investments and the high level of business activity abroad.

Commercial exports, however, still constitute the most important single income-producing item in the U. S. balance of payments. As noted, the failure of exports to recover until late in the year has been largely responsible for the disturbing size of the 1959 payments deficit. In contrast to this, however, exports in 1960 should be close to $2¼ billion above the 1958 and 1959 levels. In total value exports would then be above 1956 but still below 1957. The projected increase, although rather sharp, is perhaps not as great as would first appear, since exports of late have been moving at an annual rate of $17 billion. Further, three special factors will be present to boost the total, perhaps by from $800-$900 million. These are: (1) shipment of cotton carried over from 1959; (2) shipments of iron and steel mill products whose delivery was held up by the strike; and (3) transfer of a large number of new jet aircraft. The last transaction alone could raise the export total by as much as $500 million. In addition, with extremely prosperous conditions and growing demands throughout Western Europe, combined with the removal of quantitative restrictions on the entry of American goods, there should be opportunities for substantially greater exports, perhaps an improvement on the order of $500-$600 million. For example, during the first three-quarters of 1959 exports to Europe were down by $105 million, virtually all of which was due to lower sales to France.

**Cites France As Promising**

In view of the remarkable progress made by France in restoring its financial position and dismantling controls, our export decline to that market might be wiped out and turned into an increase by the end of next year. Other areas offer similar promise, although the gains to be realized are obviously not as great. Some of these countries, including a few in Latin America, should be in a position to ease restrictions on dollar imports in the near future. Among others it is expected that Canada, Japan, Australia and New Zealand will all expand imports of dollar goods. Adding these many moderate gains together could produce a very substantial overall increase.

As a result the trade balance next year should be around $2.8 billion and the current account surplus somewhat less than $2 billion. After making a moderate allowance for errors and omissions, gold sales and the increases in foreign long- and short-term capital holdings in this country would amount to $2.8 billion in 1960 compared with $4.2 in 1959. While this represents a definite and much to be desired improvement, the total deficit still bulks large. Further, somewhere close to half of the reduction in the deficit would be due to the three special and, very largely, nonrecurrent transactions. This is a fact to be kept in mind, especially on those occasions when we may be tempted to congratulate ourselves on having improved our position.

Here are one or two brief comments on the issues which this deficit poses for us. First, it is extremely difficult in this situation to strike the right note of balance between a strong sense of concern—but not alarm—over the persistence of these large-scale deficits and a quick dismissal of the matter as really constituting no problem at all. My own view is that the problem should not be discounted. It should, in my opinion, be taken at least as seriously as the erstwhile "dollar gap." It is good that the issue is being discussed so widely, and that proposals for action are being put forward, even though some of them are perhaps premature and/or too drastic. Some, unfortunately, seemed designed primarily to allow the deficit to be continued and merely to put off the ultimate reckoning. But before we rush ahead with any of these proposed solutions, we perhaps should take the time to determine whether the trouble is organic, requiring all-out corrective effort, or stems from purely temporary circumstances and, in due course, is self-correcting. Secondly, one consequence of the intensified interest in the problem is that foreign traders are constantly being exhorted to exert greater effort. I rather doubt whether mere exhortation is going to accomplish what is necessary. It is a slender reed on which to lean. Far more than this will be required if our exports are to be raised by an amount which will be at least sufficient to erase the deficit.

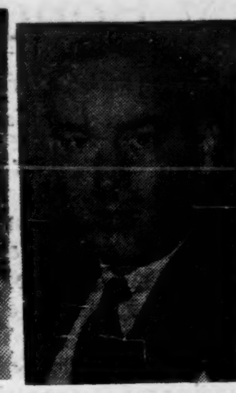
*An address by Mr. Heatherington before the American Economic Association and the American Statistical Association, Washington, D. C., Dec. 28, 1959.

## Simmons, Rubin New Firm Name

A change in the name of the investment firm of Simmons & Co. to Simmons, Rubin & Co., Inc., has been announced. Headquarters of the underwriting and distributing organization will continue at 56 Beaver Street, New York City.

## N. Y. Sec. Dealers Elect Officers


Samuel Weinberg


Eldridge H. Smith


Robert N. Kullman


Herbert Singer

Samuel Weinberg, of S. Weinberg, Grossman & Co., Inc. has been elected President of the New York Security Dealers Association for the ensuing year, it is announced.

Elbridge H. Smith, of Stryker & Brown, and Herbert Singer, of Singer, Bean & Mackie, Inc., were elected Vice-Presidents of the Association; Robert N. Kullman, of John J. O'Kane, Jr. & Co., was named Secretary, and George A. Searight, of Searight, Ahalt & O'Connor, Inc., Treasurer.

Elected to the Association's Board of Governors were Mr. Weinberg; Philip L. Carret, of Chace, Whiteside & Winslow, Inc.; Frank Dunne, of Dunne & Co.; Maurice Hart, of New York Hanseatic Corporation; Herbert D. Knox, of H. D. Knox & Co., Inc.; Mr. Kullman; David Morris, of David Morris & Co.; Mr. Searight; Mr. Singer; Mr. Smith; Eugene G. Statter, of Mabon & Co.; and Oliver J. Troster, of Troster, Singer & Co.

The following members were elected to act as the Nominating Committee for the year 1960: Gerald F. X. Kane of Gerald F. X. Kane & Co.; Charles E. Klein of Granbery, Marache & Co.; Peter E. Lineen of Eastern Securities, Inc.; Ralph De Pasquale of General Investing Corporation.

## S. V. Duncan With Ira Haupt & Co.

CHICAGO, Ill.—Ira Haupt & Co., members of the New York Stock Exchange, has announced that Sidney V. Duncan has become associated with the Chicago office of the firm, 141 West Jackson Boulevard. Mr. Duncan was formerly Vice-President and resident manager of the Chicago branch of R. S. Dickson Company Incorporated.

# Yield Outlook in 1960 for Treasury Bond Market

*By Dr. Beryl W. Sprinkel,* Economist, Harris Trust and Savings Bank, Chicago, Illinois*

**Despite lessening new financing contemplated for 1960, further increase in short and long-term yields on Treasury issues are viewed as quite probable until the next cyclical downturn occurs. Contributing to this, assuming the anticipated upward cyclical sway and monetary restraint prevails, will be the liquidation of Governments by banks and corporations with no easing in the shorter term rates unless Congress lets go of the 4¼% price ceiling. The lowered average maturity over the past seven years in the Federal debt's composition is deplored; arguments advanced in support of 4¼% ceiling are rebutted; and $48 billion Federal debt refunding in 1960 is expected to offset gain ordinarily expected from projected current fiscal balanced cash budget and surplus planned for fiscal 1961.**

The trend of yields on U. S. Government securities has a major impact on yields in other markets. The importance attached to yields on Governments is due not only to the size of the Government security market but also to the economic and political significance of a large and expanding public debt. Currently yields on Governments are receiving close political scrutiny because: (1) Annual interest charges on the public debt are rising and are now estimated at more than $9 billion or about 12% of total budget expenditures, and (2) The long-lived ceiling rate of 4¼% on new Government securities of greater than five-year maturity is presently interfering with management of the debt.

Dr. B. W. Sprinkel

### The 1960 Federal Financing Problem

Although tasks now facing the nation's debt managers appear less formidable than those of a year ago, nonetheless they are indeed challenging and perplexing. In fiscal 1959 there was a $13 billion cash deficit which required financing. In the current fiscal year a balanced cash budget is projected and it appears likely a surplus is planned for fiscal 1961. The volume of net new money for meeting the fiscal needs of the Federal Government is being steadily reduced as the business expansion gains momentum.

However, refunding problems continue to mount. Despite numerous protestations of intent to lengthen the average maturity of the Federal debt, the average is now about one year shorter than it was seven years ago. The volume of longer term bonds issued during that period was insufficient to offset the relentless shortening influence resulting from the lapse of time. In the next 12 months about $48 billion of Federal debt must be refunded, exclusive of Treasury bills. Furthermore, unless either the money market eases or Congress changes its recent decision and permits sale of Government bonds with a coupon greater than the current legal ceiling of 4¼%, subsequent sales of Governments must have maturities less than five years—only slightly longer than the current average maturity of the Federal debt.

The failure of Congress to raise or eliminate the ceiling rate on Government bonds has slowed progress toward lengthening the average maturity of the debt at a time when it is desirable from a cyclical point of view to reduce liquidity. Although bonds can be most easily sold during a recession when interest rates are relatively low, such action tends to raise long-term interest rates and impedes economic recovery. At present the business recovery is well underway and longer term issues would be desirable, but price controls on Government bond yields make such action impossible. The existence of an effective ceiling rate on Government bonds has also resulted in increased pressure on the short-term sector of the money market. In fact, at present a 20-year Government can be sold to yield less than the yield on recent five-year issues and probably as low as the fourth week of December's approximate 4¾%, 90-day Treasury bill rate. Short-term interest rates typically rise more percentage-wise over the business cycle than do longer term rates. The usual cyclical pattern has been reinforced during the current expansion by the concentration of all recent Government financing in the short-term sector of the market.

### The Validity of the Ceiling Rate

Various members of Congress have advanced several reasons for refusing to eliminate price controls from new Government bond issues.

(1) "The 4¼% ceiling rate should be retained for if it were eliminated, all interest rates would be forced up."

Even if the implicit objective of preventing interest rate increases was accepted as desirable, the argument is incorrect. Clearly the general level of interest rates is determined by the demand for and supply of funds, not by Congressional laws or edicts. Elimination of the rate ceiling would neither increase demands for funds nor reduce the supply of funds available. Hence the average level of interest rates would be unaffected. However, existence of the ceiling rate has distorted the term structure of rates and elimination of the ceiling would tend to reduce upward pressure on short-term interest rates and would increase the pressure on longer term rates, assuming that some long-term bonds were then sold. Since most Government borrowing is in the short-term range, total interest costs to the Federal Government would probably be less if the ceiling rate was abandoned.

(2) "The ceiling rate should be retained but rendered 'harmless' by requiring the Federal Reserve to buy sufficient Governments to force down the level of Government bond yields."

Such action would make possible the sale of bonds even though the 4¼% ceiling rate was retained. However, this could be achieved only by sharply increasing the supply of money. Throughout recorded history, increases in the money supply in excess of production increases has brought inflation. Congress cannot legislate this economic law out of existence even though it was challenged during the earlier "peg" period. This proposal can be defended only if one is willing to defend rapid inflation as a desirable way of life. Public reaction in the past year indicates the American public does not want inflation. Some have suggested that Federal Reserve purchases of long-term bonds be offset by sale of shorter term securities. Although increases in the money supply and inflation could be avoided by this technique, the term structure of interest rates would become even more distorted than is presently the case.

(3) "The ceiling rate of 4¼% should be retained because present high interest rates are temporary. Therefore, if the Treasury were permitted to sell long-term bonds now, high interest charges would needlessly burden taxpayers."

This argument may be correct but is probably wrong. High interest rates are in a very real sense evidence of prosperity with its growing demands for activities to be financed with the limited supply of savings available. Long-term prospects for prosperity in this country are highly favorable. Depressed interest rates in the 1930's were due to the Great Depression and the resulting very low demand for money. Depressed rates in the 1940's were due to an easy money policy resulting from the willingness of the Federal Reserve to inject whatever amount of new money was necessary to prevent interest rates from rising. As might have been expected, our economy suffered a great inflation from the drastic increase in the money supply. Only since the early 1950's have free money market forces and prosperous economic conditions prevailed. Interest rates have trended upward during that time. It seems entirely possible that this same basic trend will continue in the future. Therefore, long-term financing delayed until the recovery phase of the next business cycle may result in even higher interest charges.

(4) "The ceiling rate on Government securities should be retained for to raise it would merely increase the profitability of banking at the expense of the borrowing consumer and businessman."

Although this argument is frequently advanced, it is also incorrect. As indicated above, short-term interest rates have been increased due to concentration of Treasury issues in the short-maturity range. Bank loans and investments are predominately in the less than five-year maturity range. On Dec. 15, 1959, 76.4% of Government securities held by weekly reporting member banks were of less than five years' maturity. Very few business loans are as long as five-year maturity. Ironically, the unwillingness of Congress to permit the sale of bonds has had the effect that some hoped to avoid by retaining the rate ceiling. Short-term borrowing costs paid by consumers and small as well as large businesses have been raised by retention of the ceiling rate. Although banking profits have been enhanced, the nation has lost. The banking industry strongly supports the elimination of the ceiling rate even though such action would tend to reduce short-term interest rates.

There appears to be no defensible reason for continuing the present financial strait jacket.

### Prospects for Government Bond Yields

With a lesser amount of new financing in the new year, it might appear reasonable to predict a decline in the yield on U. S. Government securities. However, it must be remembered that the Government market is not an entity unto itself, but the U. S. Government must compete with other users of funds. Although it might be useful to project total sources and uses of funds for the next year and base conclusions as to prospects for rates on that analysis, space limitations suggest that a short-cut be attempted. In the past 40 years the timing of interest rate peaks and troughs and business cycle turning points has been similar. The historical relation suggests that predicting the trend in interest rates on Government securities is tantamount to predicting the trend of aggregate business activity. Since 1920, the average spread in months between the timing of the business cycle peak and the cyclical interest rate peak on U. S. Government bonds has been 2.5 months with a range from an interest rate lag of seven months in 1920 to an interest rate lead of three months in both 1929 and 1948. Since the 1951 monetary accord, the monthly spread has been only two months with a range from a two-month lead to a two-month lag. Although the timing relation at business cycle and interest rate *troughs* is less consistent over the 40-year period, it has been almost perfectly coincident since 1951.

The cyclical timing relationship exists because both demand and supply factors work to raise interest rates during the boom phase of the business cycle and tend to reduce rates during recessions. Supply shifts in the money market have been particularly important since the adoption of a counter cyclical monetary policy and interest rates have been much more sensitive to cyclical changes. Since yields on Government securities tend to be coincident indicators with respect to the business cycle, any discussion of the future direction of yields would be barren without at least a brief discussion of future business trends.

Analysis of sensitive business barometers, the length of the current boom in comparison to the past 25 business recoveries and prospective spending, all suggest a recession is not likely until late 1960 at the earliest and possibly as late as the first half of 1961. The recent steel stoppage had the probable effect of lengthening the boom because of inventory liquidation and plant and equipment deferrals which occurred during the strike period. With the removal of the threat of a resumption of the steel strike, the major spending stimulants likely to spur the economy to new highs well in excess of the half trillion dollar rate of production are: (1) Inventory spending, (2) Plant and equipment spending and (3) Consumer outlays. Outlays on housing will sag and farm income is slated for another decline.

Faced with a rising business trend and a tendency for prices to resume their upward creep as the economy nears full employment of resources, Federal Reserve policy is likely to remain restrictive and possibly become even tighter. Although continued restraint appears to be the most probable Federal Reserve action, we should keep in mind the possibility that Federal Reserve officials may heed some recent research and critical analyses which have concluded that monetary policy works with a considerable lag and that it is inappropriate to continue a policy of restraint until it becomes certain the economy is in a cyclical downturn. If a change in Federal Reserve policy were to anticipate the next recession, it is not clear what the interest rate pattern would be with respect to the next business cycle peak. The practical difficulty of correctly anticipating a cyclical peak suggests the Federal Reserve Board will be reluctant to adopt such an approach. In any event, there is little reason for expecting an easing in monetary policy in the near term future.

### What Banks and Corporations May Do

If these projections are approximately correct there is at least one important implication for the Government market; i.e., both banks and corporations are likely to liquidate Government securities from their investment portfolios in the coming year. Banks tend to add Governments when loan demand is declining, reserves are growing relatively rapidly and bond prices are high. For example, from June, 1957, to June, 1958, bank holdings of Governments increased nearly $6 billion and reached a high in January of this year at $68.2 billion. Through the third quarter of this year a net bank liquidation of over $7 billion of Governments occurred as loan demand expanded, bank reserve growth slowed and bond prices declined. In the coming year it appears probable that banks will continue to liquidate Governments as loan pressures mount and the Federal Reserve continues its policy of restraint.

As yields liberalized during the past 1½ years, corporations absorbed about $10 billion of Governments starting from a base of only $14 billion. Not only was the higher yield attractive, but internal generation of funds was unusually high as corporate profits snapped back from the recession low. Furthermore, until recently the need for funds to expand plant and equipment outlays or even inventories, was modest. Although corporate profits may edge upward on average in the coming year, it is likely corporations will need more funds for financing rising inventories and plant and equipment outlays. Hence corporations will probably liquidate Government securities in the coming year. In the previous business expansion corporations liquidated nearly $4.5 billion of Governments from Dec., 1955, to Dec., 1956, and holdings were reduced another $2 billion in the following year. Therefore, it appears that rates on Governments may have to rise to attract new private holders such as individuals and pension funds.

### Summary

Since it is likely the business trend will continue upward for most of 1960 at a minimum and that Federal Reserve policy will remain restrictive, further increases in yields on both short and long-term Government securities are probable. Some temporary easing of short-term yields might be achieved if Congress was to eliminate the 4¼% legal ceiling on long-term Governments. A general weakening in the interest rate structure of Governments, as well as other securities, is unlikely until the next cyclical downturn occurs.

*An address by Dr. Sprinkel before the American Finance Association, Washington, D. C., Dec. 28, 1959.

# Winslow, Cohu Names 5 V.-Ps.

Winslow, Cohu & Stetson, Incorporated, 26 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, has announced that H. Thomas Osborne and Bradbury K. Thurlow have joined the organization as Vice-Presidents.

The firm also announced the opening of a new office in Hagerstown, Maryland, under the direction of John R. Hershey, Jr., who has joined the company as a Vice-President.

Eugene L. DeStaebler and Gordon R. McGrath have also been elected Vice-Presidents of the organization.

Mr. Thurlow and Mr. Osborne were formerly partners in J. R. Williston & Beane. Prior thereto they were partners in Osborne & Thurlow.

## R. A. Borns Opens

INDIANAPOLIS, Ind.—Robert A. Borns is conducting a securities business from offices at 578 Washington Boulevard under the firm name of Borns & Co. He was formerly with Francis I. du Pont & Co. and Reynolds & Co.

# FROM WASHINGTON ...Ahead of the News

*BY CARLISLE BARGERON*

Senator John F. Kennedy, in announcing his candidacy for the Democratic Presidential nomination, says that the next President will have to deal with problems as great as ever faced this nation. He says they will constitute disarmament, the maintenance of freedom and order in the new nations, the buttressing of science and education, the saving of agriculture from surpluses and the cities from decay, expansion of the economy without inflation or unemployment, and the resolute pursuit of moral purpose.

The Washington "Post" said he demonstrated his keen appreciation of the responsibilities that will be imposed upon the first President to be elected in the '60s.

The enumerated problems would seem to awe the ordinary man. Indeed, it takes an amazing lot of self-confidence for any man to think he can solve all of these problems. They do not awe Senator Kennedy at the youngish age of 42 in the slightest. He exudes confidence that he will be able to meet them one by one or together for that matter.

Of course, he will not have to solve them all by himself. He will have the assistance of the liberals, the professors and members of the Americans for Democratic Action. Professor Arthur Schlessinger, of whom there is no one more "liberal," will be prominent in the Senator's camp.

Kennedy and the Republican front runner, Vice-President Nixon, began their political careers at the same time, having come to Congress together, and both of them served on the House Labor Committee. Nixon got to the Senate first and seems to have had more experience in the executive branch than Kennedy. Otherwise, their careers run along parallel lines.

Kennedy expressed confidence he could beat Nixon. He would not say upon what lines he intended to pursue his attack, but Chairman Butler of the Democratic National Committee has made it plain what kind of an attack he intends to pursue.

He intends to make it a "gut" fight with no holds barred. This means he plans to go back to Nixon's first campaign for Congress when he defeated Jerry Voorhees and his first Senatorial campaign when he defeated Helen Gahagen Douglas. These two campaigns are responsible for the intense bitterness held against Nixon in certain quarters.

Nixon charged Voorhees and Douglas with being Communist fellow travelers and he also charged that President Truman harbored traitors in his Administration. Mr. Truman has always professed to be outraged at this charge and until this day he won't speak to him or attend a public function at which Nixon is present.

Certain writers have said in recent years that Nixon attributes these charges to immaturity and regrets having made them. I hope he has been misrepresented. They are true as they can be. Nobody ever claimed that Voorhees or Douglas were Communists but in the House they voted the party line and mouthed the party's utterances. There is not the slightest doubt that Harry Dexter White's red affiliations were called to Truman's attention when the former had a responsible position in the Treasury. Whereupon Truman removed him and gave him a better job with the International Bank.

I don't think Nixon has anything to apologize for on this score. There is a latent bitterness against Nixon for his part in sending Alger Hiss to jail. Indeed, it was this bitterness of the Leftists against Nixon that caused him so much trouble upon his visit to South America a couple of years ago. The demonstrations against him which assumed serious proportions were organized by the Communists.

It is ironic that Nixon's great popularity now comes from his visit to Russia, but he made careful to keep his skirts clean of any undue friendship for the Communists. He quickly dissociated himself from having any part in the exchange of visits between Khrushchev and President Eisenhower. He has said the invitation to Khrushchev was extended several weeks before his visit and on this he has been borne out by the President.

## H. Hentz Co. Admits Two

H. Hentz & Co., 72 Wall Street, New York City, members of the New York Stock Exchange, has admitted William P. Green and Morris Hoffenberg to partnership.

## Glore, Forgan Co. Admits Partners

Donald Breen, John C. Harned and William J. Roberts have been admitted as general partners of the investment banking firm of Glore, Forgan & Co., 40 Wall Street, New York City, members of the New York Stock Exchange.

Mr. Breen, who is Manager of the firm's Municipal Bond Department, joined Glore, Forgan & Co. in 1946. Mr. Harned, who joined Glore, Forgan & Co. in 1953, is Manager of its Buying Department. He was formerly associated with Riter & Co.

Mr. Roberts, who is Manager of the Sales and Syndicate Department in the Chicago office, 135 South La Salle Street, joined Glore, Forgan & Co. in 1946.

## Madden, Ackert NamedbyFreeman

Freeman & Company, 61 Broadway, N. Y. City, has announced that William W. Madden has been admitted to general partnership, and that Philip H. Ackert, Jr. has been appointed Manager of the Municipal Bond Department.

Mr. Madden joined Freeman & Co. in 1952. Mr. Ackert had previously been associated with the Municipal Bond Departments of New York Hanseatic Corporation and The Marine Trust Company of Western New York.

# Canada's Uranium Industry

By Hon. Robert H. Winters,* *President, Rio Tinto Mines*
*Toronto, Canada*

**Former Canadian Government official appraises the uranium industry's fate from 1962-63 until the end of 1966 when civilian demand is expected to be substantial—in the light of the generally unanticipated Nov. 6 announcement that the United States will not exercise any options at all. He charges Canadian producers' share of continental defense burden is disproportionately high; explains why stretch-out palliative measures may not be pursued by so-called weaker mines; reviews consolidation, uncertainty and other problems in the difficult period ahead; and suggests his government free uranium so that it is on the same footing as other uranium producing countries in competing for markets abroad.**

One of my forecasts made on several occasions has failed to materialize. I refer to the exercising of United States options on our uranium production, at least in part, when our present contracts expire in 1962 and 1963. In this I have been proven wrong by recent events. On Nov. 6, in a simultaneous announcement made in Ottawa and Washington, it was stated that the American options would not be exercised at all.


R. H. Winters

At the same time I have always predicted that the industry would reach a state of robust economic health. In this at least I have been right. During this current calendar year our total production and export of uranium will amount to over $300 million, thereby ranking it third among all our items of export and first among minerals.

Especially pleasing is the fact that several mines which were dismissed by many people — including some in government circles — as heading inevitably for economic disaster, have persevered and succeeded to the point where their managements believe that they can pay off their indebtedness and justify the confidence of those who advanced risk capital for them. There are many splendid examples of the resolve and integrity of private enterprise throughout this whole story.

### Expected a Partial Exercise

I can assure you that the government's announcement came as a serious blow to the industry's hopes. We had frankly not expected it. While we had some doubts that the options would be exercised in full, although there were good grounds for pressing for this, we did expect that there would have been at least a partial exercise, which would have permitted a smoother passage for the industry over the difficult years which lie ahead.

Let me tell you some of the reasons why we expected at least a limited solution of this kind. Although what I am about to say is perhaps ancient history now—and I certainly do not intend to discuss entirely of "what might have been"—I believe it might be useful to do a bit of review.

I am well aware that the uranium industry has been criticized in certain sections of the press for indulging in wishful thinking on the options question. It has been pointed out, quite rightly, that contrary to the position two or three years ago, when uranium was relatively scarce, it is now in a state of oversupply. The apparent conclusion, therefore, is that the Americans could not be expected to buy any more when present contracts expire.

The conclusion, I believe, is fair if one considers only the bare economic facts of the case, namely, the statistical position of supply and demand. I am aware that some "purist" economists would say that the law of supply and demand should be the only one to apply in all situations in a free enterprise economy. As a confirmed "free-trader" myself, I have considerable sympathy for this view. However, while I would agree that the basic rules of the free market should certainly apply in most cases, we have to recognize that uranium has never been a metal governed by the normal rules of the free market.

The industry has been dominated by Government to an extraordinary degree right from its inception. In fact, I think the uranium industry may well be regarded as a classic demonstration of what can happen when any industry moves too far away from the position of free enterprise. In this instance Government control was, I believe, necessary—particularly in the early stages. The Government regulated the amount of uranium produced, the rate at which it could be produced, and the price to be paid for it.

It was left to private enterprise to finance and develop the means of production and private enterprise did its job very well indeed —without Government help. In this respect Canada is unique among uranium producing countries.

I will not deal with anything more than the salient features of the history of the uranium industry of Canada. The facts are well known. Moreover, I would not wish anything I might say to be interpreted as recrimination because it is not so intended.

### Origin of Industry

The industry was created entirely at the instigation of the United States Atomic Energy Commission to meet a vital United States defense need. Uranium, of course, is the very core of any nuclear defense system. The sales contracts were negotiated on a Government-to-Government basis, with no direct participation by the private companies concerned. A blanket of security was considered necessary from the start. For example, until recently details of costs and selling prices were not revealed. Our own sales contracts with the Canadian Government were classified as "secret."

The U. S. Atomic Energy Commission insisted that deliveries must begin by certain fixed dates, which in the result, turned out to be largely unattainable. The consequences were that several companies, in efforts to meet their delivery deadlines, ran into excess capital expenditures, which, in some cases, led in turn to financial difficulties involving deferred payment of interest and principal on bonds; and in the case of one company so far, to entry into receivership. All this, incidentally, has taken place in the last five years.

The sales of our product are very strictly controlled by the Government. Until May, 1958, there was no opportunity to develop alternative outlets and lessen our overwhelming dependence on the United States market. Even when private sales were permitted, only a year ago, we could not sell more than a few pounds to any country which had not concluded a very rigid form of bilateral agreement with Canada to ensure that our uranium was used only for peaceful purposes. Several important potential buying countries have refused to sign such agreements, for nationalistic or other reasons. The existence of this system of strict export control has made our own sales efforts difficult and has encouraged other countries to seek for and develop their own uranium reserves, thus worsening the oversupply position. I believe I have said enough to indicate how much the uranium industry has been, and still is, influenced and controlled by Government.

So far the financial rewards accruing to the industry have been small in relation to the effort and money expended. But the American options, if exercised, would have provided continuity for the industry until the end of 1966, and the prospect of earning a fair return on monies invested. The options were always regarded by the industry as an integral part of the original contracts and as an added incentive to get into a business which has already cost well over $400 million in terms of financing raised by the companies alone. Add to this the very important role uranium is now playing in the Canadian economy, the townships, like Elliot Lake, which are entirely dependent on it, and the employment it provides, and you can get a good concept of uranium's role in Canada's development.

A great deal has been said of joint continental defense policies in North America, of the sharing of defense burdens, and such like. Uranium is essential to our defense in that it provides a deterrent to aggression, yet even as the Canadian industry is now grappling with the problem and consequences, financial, social and otherwise, of closing down a large part of its operations, American domestic production of uranium has been increasing as new uranium mills there come into play. The concept of a sharing of continental defense has in the case of the uranium industry, placed on Canada a share of the burden which is disproportionately high in the light of returns to be derived therefrom.

### Existing Situation

Turning now to the situation facing the uranium industry today, we have to consider the alternatives of producing normally until the end of existing contracts and then closing down nearly all the mines and mills, or of stretching out our contracts until Nov. 30, 1966. The Americans also offered to pay in advance $2.50 per pound on all uranium oxide deferred until after the normal expiry of present contracts. The United Kingdom has offered an additional $1.50 per pound for uranium thus deferred for their account.

If we accept the fact that Eldorado was confronted on the one hand by the unwillingness of the AEC to exercise any part of its options and, on the other hand, by their understanding that some Canadian companies could not complete their contracts — either because of lack of ore or financial weakness or otherwise—if left to their own resources, then the formula developed and announced by the Government would constitute a good compromise even though it does appear quite disadvantageous to Canada in the light of the treatment extended by the AEC to other uranium producing countries and to its own domestic industry.

As envisaged, the formula if implemented would enable the so-called "weaker" operators to lean upon the stronger mines for support and at the same time give to the healthier operations the prospect of continued life until the end of 1966 by which time civilian demand should be substantial.

But in the interval since Eldorado started negotiating this arrangement with the AEC many circumstances have changed. Some properties which were then deemed to be in difficulties have now overcome their problems and are operating successfully with good prospects of paying off all their indebtedness. Most of the others have improved their positions and are now in better shape than they ever were. The result is that their urgency in looking elsewhere for help is now not so great and it may well be that their shareholders and creditors will decide that their best interests lie in having the properties continue in operation. In this event the concept of a stretch-out is defeated.

On the other hand, with improved performance and prospects of the so-called "weaker" mines they may now consider the value of their contracts to be enhanced to such a degree that they cannot be purchased at economic prices by any of the stronger operators. This, too, would prevent the stretch-out from being implemented.

At the same time there are very substantial problems of a physical, financial and social character in the way of implementation of the Government's stretch-out policy. If it is to be effective, it will involve a reduction in operations of some 40% to 50% with correspondingly less employment.

Many of the properties have long-term and rather inflexible contracts for supplies which may prove costly in the event of termination. Almost all of the companies have heavy commitments in housing, in some cases involving undertakings to buy back the house of the purchaser in the event that he wishes to surrender it for any reason. Over and above all this is the very heavy social responsibility which, by the Government's decision has been placed on the shareholders of the operating companies to reduce employment so soon after having overcome the equally difficult problem of building up to maximum production.

### Action Indicated

In the face of all these difficulties I wish to say at once that the various departments of the Government and, in particular, Eldorado and the Department of National Revenue, have been most helpful in interpreting the situation and in working with us toward solutions within the framework of the policy as enunciated. However, I think the best indication of the magnitude and severity of the problems encountered is the fact that it is now some five weeks since the Government announced its policy and to the best of my knowledge no deals of any kind have been consummated.

Nevertheless, I am sure that our colleagues in the uranium business are working just as diligently as we in the Rio Tinto Group are to give effect to the Government's wishes. Assuming that reasonably favorable answers can be received to a number of crucial questions we propose to take steps to ensure that our operations in the field of uranium will remain as healthy as possible throughout the difficult period facing us now and leave us in a position to meet world competition for civilian orders when the Government contracts expire in 1966.

The Canadian uranium business has been dependent almost entirely upon foreign markets and once again we have learned the painful lesson of the precarious position we are in when there is over-dependence upon markets abroad. This has been a matter of outstanding concern to the uranium industry for some time. Canada is an exporter and, generally speaking we must be prepared to sell our goods to all countries who wish to buy from us and who are in a position to pay for them. In the field of uranium, however, we are inhibited by certain limitations imposed by the terms of bilateral agreements negotiated

with various countries. I for one would be reluctant to see all controls taken off the sale and use of uranium products at this time, but some countries impose fewer restrictions on their exports than we do and I am sure the time has come for the Government to put us on the same footing with other uranium producing countries in our efforts to obtain markets abroad.

While we must depend on export markets for some years to come, the fact has again been heavily underlined that there is no substitute for good domestic markets. To this end the uranium industry urges a program of broader research into utilization of uranium at home. Commendable progress has been made but a greater effort is required. We were gratified by the recent announcement of the intention of the Federal Government and the Ontario Hydro Power Commission jointly to develop a 200,000 kw. nuclear power station to be known as CANDU. We were also pleased by the Ontario Government's recent announcement of their proposal to assemble an atomic forum in January, 1960. The uranium industry will be happy indeed to do its share in making this conference a success.

### Conclusion

As far as the longer-term future is concerned, I remain convinced that the demand for uranium for nuclear reactors ten years from now will be sufficiently great to necessitate capacity operation of most of our plants. By this time the true value of Canada's massive uranium resources should begin to be felt and it may well be necessary then to reopen mines and mills which will have to be closed now. Although this is a time of consolidation and some uncertainty, I am confident the foresight of those who had the vision to develop this great and unique industry in Canada will in due course be amply rewarded.

*An address delivered by Mr. Winters before the Electric Club of Toronto, Toronto, Canada.

## Wood, Walker Adds Crary & Munn

Wood, Walker & Co., members of the New York Stock Exchange, have announced that Calvert H. Crary and Orson D. Munn have


Calvert H. Crary


Orson D. Munn, Jr.

been admitted as general partners in the firm.

Mr. Crary, who has been affiliated with Wood, Walker & Co. for 25 years, is a member of the New York Society of Security Analysts.

Prior to joining the firm in 1955, Mr. Munn was associated with the law firm of Milbank, Tweed, Hope & Handley in New York City.

Wood, Walker & Co. has just celebrated its 90th anniversary. The oldest records of the New York Stock Exchange, show Wood & Davis as a member firm on May 1, 1869. Cornelius D. Wood, the stock exchange partner of this original firm, became a member of the Exchange on June 30, 1862. Since its beginning there have been members of Mr. Wood's family included in the various partnerships as they have existed to the present day.

## Appointed V.-Ps. By McDonnell Co.

McDonnell & Co., Incorporated, 120 Broadway, New York City, members of the New York, American and other Exchanges, announce the election of six Vice-Presidents:

John F. Bohmfalk, who continues in charge of institutional research;

Frank V. Deegan, who continues in charges of sales;

Raymond A. Doyle, in charge of the San Francisco office;

Charles M. Grace, investment research;

Morgan F. McDonnell, in charge of the Chicago office;

Thomas A. McKay, in charge of operations.

All but Thomas A. McKay have been with McDonnell & Co., Inc. previously. Mr. McKay was formerly a general partner handling operations with J. R. Williston & Beane. Prior to that he was managing partner of Orvis Brothers.

### East-West Securities

SAN FRANCISCO, Calif.—East-West Securities Co. has been formed with offices at 225 Montgomery Street to engage in a securities business. Partners are Frank S. T. Hu and John R. Leong. Mr. Hu was formerly with Schwabacher & Co. Mr. Leong was with Harris, Upham & Co.

### M. W. West Opens

MIDLAND, Texas—Mack W. West is engaging in a securities business from offices at 2111 West Texas Avenue under the firm name of Investment Advisory Service.

## Oscar E. Dooly Names Partners

MIAMI, Fla.—Oscar E. Dooly & Co., Ingraham Building, members of the Philadelphia-Baltimore and Boston Stock Exchanges, has announced that Roberg G. Gerrish has become a general partner and Hagood Clarke, Jr. and Juan Salleras limited partners in the firm.

## Stout, Officer of Woodcock, Moyer

PHILADELPHIA, Pa.—E. Clayton Stout, Jr. has been elected Assistant Treasurer of Woodcock, Moyer, Fricke & French, Inc., Fidelity-Philadelphia Trust Bldg., members of the New York and Philadelphia-Baltimore Stock Exchanges.

### F. E. Johnstone Opens

PALO ALTO, Calif. — Frederick E. Johnstone is conducting a securities business from offices at 2425 High Street.

### With La Hue Inv.

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Harry H. McKee, Jr., is now with La Hue Investment Co., Inc., Pioneer Endicott Arcade.

### Now Corporation

EAST RUTHERFORD, N. J.—A corporation has been formed to continue the investment business of Mutual Fund Sales Co., 224 Paterson Avenue. Officers are Frederick P. House, Jr., President; William H. Pollock, Vice-President; and Charles H. Koenig, Jr., Secretary-Treasurer. Mr. Koenig was formerly proprietor of the firm.

# How Can Private Business Survive Co-Existence?

By Dr. N. R. Danielian,* *President, International Economic Policy Association, Washington, D. C.*

**Principal issues and survival threats confronting private business posed by the U.S.S.R.'s rise and announced objective of competitive co-existence under assumed conditions of controlled disarmament are analyzed by Dr. Danielian. The spokesman for U.S. firms interested in foreign economic development under free competition finds our problems are just beginning in view of what he describes as the increasing capacity of the Soviet system to undercut Western capital, technology and enterprise on an ever-widening front. The writer reviews the instrumentalities for foreign economic policies we have developed before proceeding to propose policies and specific programs making up an international economic policy which he believes the U.S. business community can support in its own and in the national interest. Further, Dr. Danielian suggests other approaches to make our economy competitive with cut-price Russian competition.**

Let us define at the outset the principal issue confronting the business community. We believe that the production and distribution of the world's goods and services shall be under a decentralized system of individual ownership and private enterprise. Mr. Khrushchev believes they shall be organized under an all-powerful central state bureaucracy, which owns and controls all property, land, farms, factories, schools, housing, everything man needs from cradle to grave, making him a ward of the state.

Dr. N. R. Danielian

We will not understand the Russian, or Communist ambitions unless we understand this central fact: they are out to displace private property with state ownership. With this in mind, let us look at the concept of co-existence.

We recognize that there is a continuing military threat to our life and our institutions as long as the Sino-Soviet bloc and their satellites have sufficient military power and the means of delivering it. Fortunately we also have equally lethal power to inflict similar damage on any potential enemy. There is, therefore, a stand-off.

If by co-existence, Mr. Khrushchev means a determination on both sides, and an agreement, not to use this mutually destructive military power, a co-existence in a strictly military sense is feasible. Although there may be some doubts whether he could control all the other elements in the Sino-Soviet military alliance; and, of course, there is also the uncertainty of what Mr. Khrushchev's successors might do.

Let us assume, however, that a "co-existence" is achieved, based on controlled disarmament. Would such co-existence insure the safety of the Western way of life, based upon private property, the protection of individual rights, due process of law, and the exercise of the rights of individual freedom, in speech, assembly, and religion, which has created this wonderfully varied civilization of ours?

Private property and individual freedom are already eliminated in the Sino-Soviet system and the satellites. Mr. Khrushchev's concept of co-existence, indeed, signifies that we should accept this as accomplished fact.

Even if we agreed to this condition, the question still remains, what about the rest of the world? Will the attempted displacement of our system, by communist conspiracies, be stopped as a condition of co-existence?

A careful reading of Mr. Khrushchev's statements must convince anyone that he means this second struggle will continue in all parts of the world, at an accelerated pace. In fact I do not see how Mr. Khrushchev, or the Russian rulers, can make a binding agreement that will stop the revolutionary movements in Africa, South America, or Southeast Asia. We are here confronted not only by Mr. Khrushchev as the leader of the Soviet system, but by Karl Marx as the leader of Communist thought, and the Marxian revolutionaries all around the world are not laying down their weapons; and, I don't think Mr. Khrushchev's competitive co-existence implies that they will do so.

In short, Mr. Khrushchev may be able to bar the use of military power by Russia or its Western satellites, but he may not bind China, or prevent a shift of policy by his successors in Russia. He certainly does not intend to, and is probably unable to control, the Marxist revolutionary movements around the world.

### Sees Threats Increasing

In a world of competitive co-existence these threats will increase rather than diminish, for the total resources of the Soviet system, assuming disarmament, can be thrown into the economic struggle to displace private ownership in country after country.

Governor Nelson Rockefeller enumerated, in a speech before the Annual Dinner of the New York Board of Trade, the price-cutting devices already used by Russia in Western markets, in lead, tin, aluminum, grain, and cotton. He pointed out also that Russia, under its system, is bound to advance barter trading under government auspices.

There are other devices which the communist system has been using that pose serious problems to private business. How can Western banking and insurance companies compete with 2 or 2½% interest which the Russian government offers for the establishment of government-owned plants in chosen target countries? How can Western entrepreneurs, as the trustees of the savings of bondholders and shareholders, undertake to establish manufacturing plants against communist-financed government plants, be it a textile plant in Ceylon or Ethiopia, a steel or pharmaceutical plant in India, a cement plant in Egypt? The communists have the advantage also in the supply of technological know-how with state-employed engineers paid salaries which are a fraction of what an American engineer or technician would command. They are, therefore, in a position not only to supply capital and equipment at cut-rate prices, but also the personnel to run them.

The passage of time will not relieve this situation; on the contrary, it will increase the capacity of the Soviet system to under-cut Western capital, technology, and enterprise, on an increasingly wider front. Ten years from now these problems are going to loom a lot larger than at the present time.

### Instruments Available to Us

What are the instruments that the United States has at its disposal to fight this kind of uneven battle in the market places of the world?

We have developed certain instrumentalities of foreign economic policy, amongst them the Mutual Security Program, the International Bank for Reconstruction and Development, the International Monetary Fund, the Export-Import Bank, the International Finance Corporation, the Inter-American Bank of Development, the Development Loan Fund, Public Law 480 disposals of agricultural surplus products; the Reciprocal Trade Program, and now, under United States sponsorship, the International Development Association. In addition to these, there are large amounts of military expenditures abroad, and off-shore procurement.

It is estimated by the Secretary of Treasury, Robert B. Anderson, that there are approximately $7½ billion a year outpayments to foreign countries, not counting direct commodity exports under Public Law 480, which amounts to another $1½ to $2 billion a year.

Are these programs designed to meet the primary issue of our times? In Congress and in public opinion, much is heard of "rising expectations," "population explosion," "technological revolution," as primary problems to be taken care of by "economic growth." You can read the Congressional debates week after week through the Spring and Summer, when foreign economic policy is always a live subject, and find little reference to the primary revolution of our times, state ownership and individual subservience, against private ownership and personal freedom.

It is no secret that there is an undercurrent of unhappiness about the results being obtained by our massive financial undertakings, and much grumbling in the business and financial community against government competition with private enterprise abroad through the use of United States taxpayers' money.

There is a real danger that the result of this unhappiness will be complete reversion to economic insolation in the United States, unless some rational guideposts are defined and respected.

As keen a man as the Majority Leader, Lyndon Johnson, stated not too long ago on a television program that we face a re-examination of all these various policies and programs.

I have been asked by many friends in different corporate enterprises to define objectives in this field which American business can support without, on the one hand, appearing to be wholly self-serving in disregard of national interest; and on the other hand, without appearing wholly irrational, neglecting their own corporate interest and the interest of the free enterprise system.

I wish to discuss how we can evolve an international economic policy which is in the national interest from the point of view of security of life and protection of our institutions, and at the same time protects our free private economy.

### Proposes Program

First and foremost, we must insure the continued deterrence of the striking power of the Sino-Soviet military might, because "co-existence" would be untenable and self-deluding unless we have the strength to deter the use

*Continued on page 33*

# THE MARKET . . . AND YOU

*BY WALLACE STREETE*

There was a bit of hesitancy about it, but the stock market managed to start off the new year well, with industrials at an all-time peak and the long-laggard rails finally erasing the 1959 loss to give at least moral support to the senior section.

* * *

Demand was good—quality items doing the better work. The steel strike settlement set off a temporary elation that brought in profit-taking, but that was somewhat easily absorbed and the steel shares stood their ground well.

### Autos Benefit

With no pinch on supplies ahead, the auto shares were in moderate demand as they appeared headed toward one of their better years. Chemicals had a few momentary troubles which also were shaken off rather readily and the issues in this group were buoyant.

* * *

Some modest buying appeared in the oil section without inspiring anything excessive but the fact that there was a more kindly approach to this long-neglected section was a definitely new note. American Telephone, too, was in a bit of demand after it had languished in a rut for some time as institutional holders lightened their commitments.

* * *

In short, the new year reinvestment demand was concentrated on quality, demonstrated value and laggard sections so far.

### Electronics' Troubles

Electronics had their share of major troubles at times as one brokerage after another in their new year rundown indicated that the fat gains carved out in this group during 1959 had discounted the immediate future at least. Texas Instruments, for one, had a gain at its 1959 peak of 120 points and held nearly a hundred of it at the close.

* * *

The old-line electric manufacturing companies, Westinghouse and General Electric, through the late demand that showed up after the electronics tired, were able to show substantial gains on the old year and continued prominent as the new year started. The 1959 achievement for Westinghouse was a gain of three dozen points with GE ahead a score of points.

* * *

American Motors had an erratic time of it after it had subsided after being an early-1959 favorite skyrocket. Its 1959 score was a gain of 44 points, with a low of less than 26 and a high of above 96 which is one of the wider spreads apparent in the list.

### Star 1959 Performers

One of the blue chips that didn't have to offer any apologies for its 1959 performance was du Pont with a solid 50-point gain on the year. It ranked well up with the sprinters that included Polaroid and its 81-point gain, Minnesota Mining which tacked on 61 points, Ford with a 40-point gain and high-priced IBM with its 81-point improvement, although the latter had subsided by half a hundred points from its 1959 high.

* * *

The larger losses were more moderate than the peak gains and ran from a score of points in United Aircraft and 15 in Boeing to illustrate the rough time aircrafts had during 1959; 11 points in Sinclair, a dozen in Great A. & P. and nearly a dozen in Panhandle Eastern Pipe Line as the utilities felt the tight money pinch.

### Popular Space Agers

While enthusiasm had chilled a bit for the "space age" items of rocketry and electronics, there were still some items in the section that had their champions, including Thiokol which has had a somewhat superior record of pioneering than some of the others. Part of the attraction in Thiokol is that its various products have important applications in civilian enterprises — aviation, highways, petroleum and chemical lines —in addition to its rocket fuel work for the government. It is also an expansion-minded enterprise that acquired Reaction Motors not too long ago to add a prosperous outfit to its business and increase its interest in rocketry and missile fuels. The stock has soared under the impact of constantly rising earnings and sales and is not a dividend item although it did split on a 2-for-1 basis in 1958 and again on a 3-for-1 basis last year in addition to which it paid a 2% stock dividend, a type of situation generally labeled as a businessman's risk.

* * *

While the fanfare revolved over the standard auto issues, Mack Trucks had its fanciers who noted that the company has built up a solid standing in the heavy-duty truck field which hasn't had the vicissitudes of passenger auto making. Where price-times-earnings multiples of 20 or more seem common-place in the market these days, Mack is holding at less than 10-times

the probable 1959 results, and even less the anticipated results of 1960 when earnings are expected to be more than double the $3 results of recession-ridden 1958. Since a new management took over five years ago, the company has been reporting sharply higher earnings and less of the ultra-cyclical nature that the company showed in previous years.

**Mundane Items**

The mundane items in the list include the chain store stocks which, despite high consumer spending even through the long steel strike, and in the face of fair demand for the mail order issues, have done little marketwise for a long time. Gamble-Skogmo, for one, has been participating in the big demand through some 2,300 outlets. Sales and earnings are running well above a year ago and currently the chain has the benefit of a 42% interest in Western Auto Supply which both adds to the territory served and bolsters earnings via dividend income. It offers an above-average 4% at present levels and the appeal of a complete merger with Western Auto.

* * *

American Telephone was one of the static stocks of 1959 despite its first stock split in history and, adjusting for the 3-for-1 split, had a token gain on the year of less than five points. But Considerable financial service discussion of its fabulous increase in net earnings—largely obscured by the stock dilution in its constant financing since War II—made it one of the better-acting items as the new year began.

**A Dramatic Phone Company**

For more dramatic growth, the shares of General Telephone were well regarded on an even wider scale. Shares of this leading independent telephone group and electronics manufacturer were recently enhanced by its merger with Sylvania Electric, plus the fact that its stock will be split in April. Against the 200% increase in A.T.&T.'s shares, General has increased its common stock by only about 12% in its latest merger. Dividends have been raised frequently in recent years, will be increased on the split shares after April and—if the past is any pattern—will continue to rise as the fortunes of the merged colossus continue to improve.

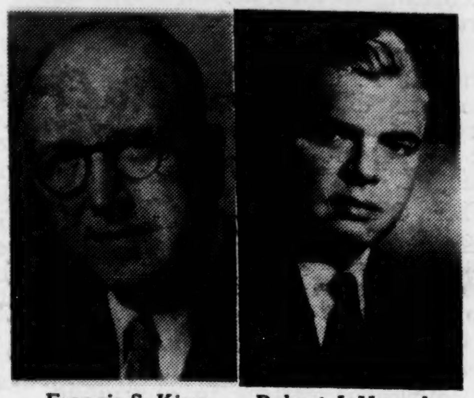
*[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]*

## George C. Donelon

George C. Donelon, member of the American Stock Exchange, and senior partner of Donelon & Co., New York City, passed away Jan. 2nd at the age of 53 following a long illness.

## First Boston Corp. Executive Changes

Francis S. King, Vice-President and manager of the Boston office of The First Boston Corporation, and Robert J. Hovorka, Vice-



Francis S. King Robert J. Hovorka

President and manager of the investment banking firm's Chicago office, are moving to the main office in New York, 15 Broad Street, as of the first part of January, as announced by George D. Woods, Chairman of the Board of Directors. Both Mr. King and Mr. Hovorka are directors of the company.

George R. Spear, who joined First Boston in 1926, was made a vice-President in 1957 and will succeed Mr. King as manager of the Boston office. Paul W. Fairchild, who joined First Boston in 1929, was made a Vice-President in 1957 and will succeed Mr. Hovorka as manager of the Chicago office.

## Brown Bros. Firm Makes Promotions

The banking firm of Brown Brothers Harriman & Co. announces that the following assistant managers have been made managers of the firm: John C. Hanson, Jr., James A. Harper, Maarten van Hengel, and Robert M. Whitaker of the New York office, Laurence W. Simonds of the Boston office and Russell J. Eddy and Richard A. Hoover of the Chicago office. Louis R. W. Soutendijk of the New York office has also been made a manager and Christian J. Vanderhyde of the New York office has been made an assistant manager.

Mr. Hanson, head of the investment department, came with the firm in 1948. Mr. Harper has general banking responsibilities with particular emphasis on credit operations. He also joined the firm in 1948. Mr. van Hengel, an executive in the foreign investment department, came with the firm in 1950.

Mr. Whitaker is in charge of the account management division of the investment advisory department and has been with Brown Brothers Harriman & Co. since 1941.

Mr. Simonds is in charge of the brokerage department of the Boston office and has been with the firm since 1944. Formerly he was a partner in the brokerage firm of Cooley & Co. of Hartford.

Mr. Eddy, an account manager in the Chicago office, came with the firm in 1932.

Mr. Hoover is an account manager in Chicago and has been with the firm since 1931.

Mr. Soutendijk, who came with the firm on July 1, 1959, was formerly financial counselor to The Netherlands Embassy in Washington. He is advisor and consultant to the firm's customers on matters involving European operations, especially in Common Market countries.

Mr. Vanderhyde is an executive in the investment research department. He has been with the firm since 1931, except for a period spent with the Securities and Exchange Commission.

### Joseph Walker Adds

Joseph Walker & Sons, 120 Broadway, New York City, members of the New York Stock Exchange, announced that Robert G. Shaw has joined their firm as a registered representative and that Theodore F. Bullen is now Manager of the Investment Research Department.

### Form West Coast Inv.

LONG BEACH, Calif. — West Coast Investors has been formed with offices at 352 East San Antonio Drive to engage in a securities business. Thomas J. Inglott and Paul Goodman are partners.

## Hayden, Miller Admits Barber

CLEVELAND, Ohio — Elton R. Barber has been made a general partner of Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange, and Walter C. Adams has joined the firm in charge of the statistical and analytical department, it has been announced.

Mr. Barber joined Hayden, Miller in 1946 as manager of the trading department. Since 1953 he has devoted full time to sales. Before serving with the U. S. Cavalry during World War II, he was with E. A. Pierce & Co.

Mr. Adams has been treasurer of the endowment fund of The A. M. McGregor for the Aged, Cleveland, since 1956. Before that he was Vice-President - Finance of the Warner Collieries Company, serving also as a director until that firm was merged into North American Coal Corp.

### Schwabacher Admits

SAN FRANCISCO, Calif.—Schwabacher & Co., 100 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges, have admitted Juanita Hill Schurman, Ethel S. Sokolow, Joseph Cameron Hickingbotham and John L. Schwabacher to partnership.

# NEWS ABOUT BANKS AND BANKERS

*Consolidations • New Branches • New Offices, etc. • Revised Capitalizations*

The promotion of James J. Thackara to Vice-President in charge of the Paris branch of **The Chase Manhattan Bank, New York** was announced by George Champion, President.

Mr. Thackara joined Chase Manhattan in 1956 and served until October 1958 as representative in Washington, D. C. and then as representative in Continental Europe, with headquarters in Paris. Prior to 1956 he was with **Bankers Trust Company, New York**, the International Monetary Fund, and the American Overseas Finance Corporation.

Two other men in the Bank's international department also have been advanced: John W. Kuhel from Assistant Manager, branches in Germany, to Manager, branches in Japan, and Arnold E. Henriques to Assistant Manager, branches in Panama.

* * *

**THE CHASE MANHATTAN BANK, N. Y.**

| | Dec. 31, '59 $ | Sept. 30, '59 $ |
|---|---|---|
| Total resources | 8,471,866,354 | 7,933,205,171 |
| Deposits | 7,526,300,362 | 6,967,501,097 |
| Cash and due from banks | 2,094,662,547 | 1,860,342,192 |
| U. S. Govt. security hold'gs | 1,051,641,268 | 1,237,780,494 |
| Loans & discts. | 4,226,167,454 | 3,851,400,236 |
| Undivid. profits | 91,570,700 | 86,116,870 |

* * *

**The First National City Bank of New York** announced on Dec. 31 the establishment of a "Common Market Counseling Service" at its Paris Office to meet the growing interest of American and other businessmen in entering the European Common Market.

The Continental Representative's Office and the new counseling service will be under the supervision of Harvey S. Gerry, Vice-President. Mr. Gerry has been the Continental Representative of tre Bank in Paris.

* * *

**THE FIRST NATIONAL CITY BANK OF NEW YORK**

| | Dec. 31, 1959 | Sept. 30, 1959 |
|---|---|---|
| Tot. resources | $8,123,179,539 | $7,878,600,008 |
| Deposits | 7,103,582,539 | 6,760,398,112 |
| Cash and due from banks | 1,949,570,903 | 1,654,090,331 |
| U. S. Govt. security hold'gs | 1,036,326,888 | 1,059,236,562 |
| Loans & discts. | 4,416,286,600 | 4,312,873,759 |
| Undivid. profits | 109,610,150 | 104,017,109 |

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK**

| | Dec. 31, 1959 | Sept. 30, 1959 |
|---|---|---|
| Tot. resources | $4,109,799,585 | $3,823,012,579 |
| Deposits | 3,362,998,235 | 3,135,975,338 |
| Cash and due from banks | 932,180,427 | 760,514,724 |
| U. S. Govt. security hold'gs | 439,949,330 | 609,118,431 |
| Loans & discts. | 2,259,924,349 | 2,024,044,161 |
| Undivid. profits | 92,709,010 | 94,851,812 |

* * *

James W. Button has been appointed a member of the advisory board of **Manufacturers Trust Company's** Fifth Avenue Office, 5th Avenue and 43rd Street, New York, it was announced by Horace C. Flanigan, Chairman of the bank's board of directors.

* * *

**MANUFACTURERS TRUST CO., N. Y.**

| | Dec. 31, '59 $ | Sept. 30, '59 $ |
|---|---|---|
| Total resources | 3,439,982,536 | 3,317,314,433 |
| Deposits | 3,045,521,141 | 2,933,982,756 |
| Cash and due from banks | 954,473,337 | 794,774,915 |
| U. S. Govt. security hold'gs | 595,669,527 | 711,344,370 |
| Loans & discts. | 1,514,507,909 | 1,429,597,449 |
| Undivid. profits | 30,051,680 | 29,640,960 |

* * *

**Irving Trust Company, New York**, announces the promotion of George J. Boslet, Jr., Burton B. Brown, William W. Lyon and G. Robert Truex, Jr., from Assistant Vice-Presidents to Vice-Presidents.

* * *

**IRVING TRUST COMPANY OF NEW YORK**

| | Dec. 31, 1959 | Sept. 30, 1959 |
|---|---|---|
| Tot. resources | $1,920,010,345 | $1,869,377,489 |
| Deposits | 1,673,956,971 | 1,639,294,060 |
| Cash and due from banks | 510,726,494 | 387,998,390 |
| U. S. Govt. security hold'gs | 337,283,019 | 377,118,915 |
| Loans & discts. | 935,141,895 | 958,089,426 |
| Undivid. profits | 31,310,594 | 29,328,343 |

* * *

**FIRST NATIONAL CITY TRUST COMPANY, NEW YORK**

| | Dec. 31,'59 | Sept. 30,'59 |
|---|---|---|
| Total resources | $174,330,716 | $151,822,534 |
| Deposits | 131,303,800 | 109,778,289 |
| Cash and due from banks | 59,384,836 | 20,314,779 |
| U. S. Govt. security holdings | 71,966,760 | 71,194,504 |
| Loans and discts. | 3,755,598 | 16,445,253 |
| Undivided profits | 5,499,387 | 5,122,401 |

* * *

**Chemical Bank New York Trust Company, New York**, announced the opening of its first foreign branch office at 25-31 Moorgate, London E. C. 2, offering complete services. Harold H. Helm, Chairman, said it is operated by a staff headed by Stuart W. Don and W. D. Wickenden, Vice-Presidents, and is a unit of the bank's International Division of which Clinton C. Johnson, Executive Vice-President is in charge.

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**Chemical Bank New York Trust Company, New York**, on Dec. 26, announced promotion of Walter C. Sundberg and Robert O. White, Assistant Vice-Presidents to Vice-Presidents.

* * *

**BANKERS TRUST COMPANY, NEW YORK**

| | Dec. 31, 1959 | Sept. 30, 1959 |
|---|---|---|
| Tot. resources | $3,051,018,453 | $3,029,684,981 |
| Deposits | 2,703,122,774 | 2,633,503,928 |
| Cash and due from banks | 824,202,042 | 812,730,461 |
| U. S. Govt. security hold'gs | 439,451,303 | 401,217,445 |
| Loans & discts. | 1,580,559,326 | 1,558,205,493 |
| Undivid. profits | 76,707,199 | 78,095,723 |

* * *

**THE HANOVER BANK, NEW YORK**

| | Dec. 31, 1959 | June 10, 1959 |
|---|---|---|
| Tot. resources | $1,822,693,466 | $1,741,915,749 |
| Deposits | 1,586,959,072 | 1,435,248,174 |
| Cash and due from banks | 502,171,870 | 385,250,922 |
| U. S. Govt. security hold'gs | 261,307,829 | 346,176,571 |
| Loans & discts. | 940,107,073 | 899,571,419 |
| Undivid. profits | 37,037,148 | 34,482,693 |

* * *

**Brown Brothers Harriman and Company, New York**, on Jan. 4, announced the election of John C. Hanson, Jr., James A. Harper, Maarten Van Hengel, Robert M. Whitaker, Laurence W. Simonds, Russell J. Eddy, Richard A. Hoover, and Louis R. W. Soutendijk as managers.

* * *

**THE MARINE MIDLAND TRUST COMPANY, NEW YORK**

| | Dec. 31,'59 | Sept. 30,'59 |
|---|---|---|
| Total resources | $680,316,014 | $638,407,734 |
| Deposits | 603,869,585 | 565,108,610 |
| Cash and due from banks | 222,159,735 | 175,404,117 |
| U. S. Govt. security holdings | 106,305,377 | 117,889,013 |
| Loans & discounts | 319,266,729 | 315,173,833 |
| Undivided profits | 14,354,155 | 14,719,057 |

* * *

**THE BANK OF NEW YORK**

| | Dec. 31, 1959 | Sept. 30, 1959 |
|---|---|---|
| Total resources | $635,406,243 | $5,428,891,063 |
| Deposits | 554,596,638 | 468,243,639 |
| Cash and due from banks | 201,732,186 | 127,692,588 |
| U. S. Govt. security holdings | 93,029,852 | 80,212,279 |
| Loans & discts. | 294,916,430 | 287,991,950 |
| Undivided profits | 7,733,513 | 7,140,770 |

* * *

**BROWN BROTHERS HARRIMAN & CO. NEW YORK**

| | Dec. 31,'59 $ | June 30,'59 $ |
|---|---|---|
| Total resources | 267,583,638 | 247,394,573 |
| Deposits | 228,613,116 | 209,339,208 |
| Cash & due from banks | 76,050,811 | 52,052,905 |
| U. S. Govt. security holdings | 47,022,083 | 50,195,057 |
| Loans & discounts | 76,535,132 | 74,392,433 |
| Capital and surplus | 18,805,284 | 18,765,284 |

* * *

The election of Albert F. Kendall as a Vice-President of the **New York Savings Bank, New York**, was announced by Richard L. Maloney, President. Mr. Kendall will continue as Controller.

* * *

**GRACE NATIONAL BANK OF NEW YORK**

| | Dec. 31,'59 | Sept. 30,'59 |
|---|---|---|
| Total resources | $202,700,090 | $201,328,349 |
| Deposits | 164,177,130 | 177,023,799 |
| Cash and due from banks | 50,722,294 | 49,898,803 |
| U. S. Govt. secucurity holdings | 38,122,114 | 41,067,986 |
| Loans and discts. | 91,075,214 | 87,478,382 |
| Undivided profits | 4,083,769 | 3,726,804 |

* * *

**THE STERLING NATIONAL BANK & TRUST CO., NEW YORK**

| | Dec. 31,'59 $ | Sept. 30,'59 $ |
|---|---|---|
| Total resources | 164,218,637 | 152,992,890 |
| Deposits | 147,780,586 | 136,149,382 |
| Cash & due from banks | 37,479,189 | 24,853,500 |
| U. S. Govt. security holdings | 33,126,117 | 33,130,603 |
| Loans & discounts | 88,632,964 | 90,152,703 |
| Undivided profits | 1,903,071 | 1,863,528 |

* * *

**UNDERWRITERS TRUST CO., N. Y.**

| | Dec. 31,'59 | Oct. 1,'59 |
|---|---|---|
| Total resources | $52,953,829 | $51,947,464 |
| Deposits | 47,018,634 | 47,948,538 |
| Cash & due from banks | 8,629,418 | 6,828,238 |
| U. S. Govt. security holdings | 21,184,461 | 21,301,846 |
| Loans & discounts | 19,470,520 | 20,240,810 |
| Undivided profits | 1,736,799 | 1,705,884 |

* * *

Promotion of Alfred J. Brady, E. LeRoy Squire, Alfred P. Jimmerson and William Von Gerichten to Vice-Presidents was announced by the **Williamsburgh Savings Bank, Brooklyn, N. Y.**

* * *

**Long Island Trust Company, Long Island, N. Y.** on Jan. 4 received approval from the New York State Banking Department and the Board of Governors of the **Federal Reserve Bank** to open a new branch in Freeport, New York, according to an announcement by Frederick Hainfeld, Jr., President.

* * *

Thomas F. O'Rourke, Vice-President in charge of **The County Trust Company, White Plains, N. Y.**, Elmsford office, retired on Dec. 31.

Mr. O'Rourke had been associated with **The First National Bank of Elmsford** for 27 years before its merger with **The County Trust Company in 1955.**

Vincent J. Nielsen, Assistant Treasurer, will succeed Mr. O'Rourke as officer in charge in Elmsford.

* * *

**NATIONAL BANK OF WESTCHESTER WHITE PLAINS, N. Y.**

| | Dec. 31,'59 $ | June 30,'59 $ |
|---|---|---|
| Total resources | 171,392,872 | 172,709,586 |
| Deposits | 157,988,491 | 159,395,405 |
| Cash & due from banks | 22,065,539 | 18,091,301 |
| U. S. Govt. security holdings | 43,063,127 | 52,167,259 |
| Loans & discounts | 54,152,523 | 55,888,500 |
| Undivided profits | 1,808,238 | 1,508,849 |

* * *

On Dec. 28, J. Kenneth Boyles and Roland T. Chard were appointed to the Board of Directors of the **National State Bank of Elizabeth, N. J.**, to fill vacancies created by the retirement of Dean H. Travis and Willard C. Forman.

* * *

Cesar J. Bertheau, President, was elected Chairman and Chief Executive Officer of the **Peoples Trust Company of Bergen County, Hackensack, N. J.** Edward A. Jesser, Jr., a Director of **Peoples Trust** and a Vice-President of the **First National City Bank of New York**, was elected President and will assume his new duties Feb. 1. James F. Johnston and Walter J. Mundt, Vice-Presidents and Directors were elected Senior Vice-Presidents.

* * *

By a stock dividend, the **First National Bank of Morristown, N. J.**, increased its common capital stock from $1,250,000 to $1,500,000. Effective Dec. 22. (Number of shares outstanding 150,000, par value $10.)

* * *

The **First National Iron Bank of Morristown, N. J.**, by the sale of new stock increased its common capital stock from $1,000,000 to $1,250,000. Effective Dec. 22. (Number of shares outstanding 125,000, par value $10.)

The merger of the **Asbury Park National Bank and Trust Company, Asbury Park, N. J.** and the **Manasquan National Bank** was approved by stockholders of both institutions on Dec. 29. The combined bank, which will have two offices in Asbury Park and one in Manasquan under title of the **Asbury Park and Manasquan National Bank.**

* * *

Jonathan S. Raymond has retired from his position as Chairman of the Executive Committee of the **Mellon National Bank and Trust Company, Pittsburgh, Pa.** The announcement of the close of Mr. Raymond's 23 years of service with **Mellon Bank** was made on Dec. 31 by Richard K. Mellon, Chairman of the bank's Board of Directors.

Mr. Raymond began his banking career in 1924 with the **First National Bank of Boston** where he became manager of that bank's credit department. In 1928, he went with Lee Higginson and Company, investment bankers, in New York. He came to Pittsburgh in 1937 as a Vice-President of **Mellon National Bank.**

After the merger of **Mellon National Bank** and **The Union Trust Company of Pittsburgh** in 1946, Mr. Raymond was appointed Vice-President in charge of the banking department.

In 1953, Mr. Raymond was named Senior Vice-President and in 1957, he was elected to the bank's Board of Directors. The following year, he became a member of the Executive Committee and was appointed its Chairman in April of this year.

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George A. Wilford, President of the **Tamaqua National Bank, Tamaqua, Pa.**, died on Dec. 27.

* * *

The promotion of Joseph E. Spruill, Assistant Vice-President of **The Bank of Virginia, Richmond, Va.**, to the position of Vice-President, effective as of Jan. 1, was announced Jan. 4, by Herbert C. Moseley, bank President.

* * *

**The Central Trust Company, Cincinnati, Ohio,** announced the election of William E. Anderson, President. He succeeds William A. Mitchell, who was elected Chairman of the Board. Charles W. Dupuis, present Chairman, was elected Honorary Chairman of the Board.

* * *

Edward J. Jennett retired as a Vice-President of **The First National Bank of Chicago, Ill.** Mr. Jennett has headed the industry group at **The First National Bank** which includes investment deal-

ers, public utilities, transportation and others.

Initially with the **Federal Land Bank of St. Louis, Mo.**, Mr. Jennett has been since 1925 with **The First National Bank of Chicago** and a Vice-President since 1946.

* * *

By a stock dividend, the common capital stock of the **First National Bank and Trust Company, Evanston, Ill.**, was increased from $1,500,000 to $1,650,000, and by the sale of new stock from $1,650,000 to $1,800,000. Effective Dec. 21. (Number of shares outstanding 90,000, par value $20.)

* * *

By the sale of new stock, the **Marine National Exchange Bank of Milwaukee, Wis.**, increased its common capital stock from $4,400,000 to $5,000,000. Effective Dec. 24. (Number of shares outstanding 250,000, par value $20.)

* * *

**The Freeborn National Bank of Albert Lea, Minn.**, by a stock dividend, increased its common capital stock from $100,000 to $200,000. Effective Dec. 24, 1959. (Number of shares outstanding 2,000, par value $100.)

* * *

By a stock dividend, the **First National Bank of Lincoln, Neb.**, increased its common capital stock from $2,300,000 to $2,500,000. Effective Dec. 22. (Number of shares outstanding 125,000, par value $20.)

* * *

**THE SECOND NATIONAL BANK ASHLAND, KY.**

| | Dec. 31,'59 | June 30,'59 |
|---|---|---|
| Total resources | $30,749,167 | $32,023,706 |
| Deposits | 27,794,606 | 29,172,221 |
| Cash & due from banks | 6,482,101 | 7,132,841 |
| U. S. Govt. security holdings | 8,485,370 | 9,642,133 |
| Loans & discounts | 12,465,580 | 12,051,717 |
| Undivided profits | 444,993 | 448,336 |

* * *

**The First National Bank of Clearwater, Fla.**, by the sale of new stock increased its common capital stock from $600,000 to $800,000. Effective Dec. 22. (Number of shares outstanding 16,000, par value $50.)

* * *

**The First National Bank of Eau Gallie, Fla.**, by the sale of new stock increased its common capital stock from $200,000 to $325,000. Effective Dec. 21. (Number of shares outstanding 5,200, par value $62.50.)

* * *

By the sale of new stock, the **First National Bank of Jackson, Miss.**, increased its common capital stock from $2,178,000 to $2,613,600. Effective Dec. 21, 1959. (Number of shares outstanding 261,360, par value $10.)

* * *

**The City National Bank of Beverly Hills, Calif.**, by the sale of new stock increased its common capital stock from $2,730,000 to $3,640,000. Effective Dec. 21. (Number of shares outstanding 364,000, par value $10.)

## R. W. Pressprich Admits Partners

The investment banking firm of R. W. Pressprich & Co., 48 Wall Street, New York City, members of the New York Stock Exchange, has announced that Walter J. Fitzgerald, Lant S. Abernathy, G. Carl Jordan, Jr., and Edward M. Rowan have been admitted to general partnership.

R. W. Pressprich & Co. maintains headquarters in New York and branches in Boston, Philadelphia, Chicago, San Francisco and Albany. The firm, which last year celebrated the 50th anniversary of its founding, is also a member of the American and Midwest Stock Exchanges.

### Adolf L. Hamburger

Adolf L. Hamburger, investment advisor of Baltimore, has passed away.

## Predicts Active Bond Market and Continued Firm Interest Rates

**Halsey, Stuart & Co. reviews past year's significant events in taxable and non-taxable bonds; notes growing popularity of the latter and price-closeness compared to the former; and predicts continuance of money market's existing tightness, and an active bond market in 1960.**

Bond yields, which showed a general and steady rise throughout 1959, are now near their most attractive point in nearly a quarter of a century. As a result, investment bargains are available—particularly among the tax-exempt offerings — for those who can take advantage of them, Halsey, Stuart & Co. Inc., one of the country's leading investment banking firms stated in its annual year-end survey of the nation's bond market.

Reviewing the significant events of the past year, the Chicago firm's survey said that in all probability the outstanding financing of 1959 was the Treasury's offering of 4 year and 10 month 5% notes in October. Two billion dollars worth were offered, but $2.3 billions were sold —more than 40% of them in amounts of $25,000 or less. This was taken as an indication of the notes' popularity, particularly among smaller investors. Total subscriptions for the issue exceeded $11 billions.

"This offering had such a marked effect on the whole bond market that it not only strengthened the entire list, but brought home to the saver the attractiveness of interest returns available to him from other types of taxable and tax-exempt bonds," Halsey, Stuart reported.

Influenced by the uptrend in bank credit rates, bond yields increased during the year; corporate as well as tax-exempt, long as well as short-term.

As an example, the survey cited rates for top grade telephone issues which showed a rise of more than 1% from February to October, though this was reduced slightly by year-end.

Yields of outstanding tax-exempt issues also showed significant increases during the year, Halsey, Stuart said. Based on a recognized average, the yield for tax-exempts moved up from 3.37% early in the year to a 25-year high of 3.83% in September, followed by a fairly consistent decline to 3.58% in early November and then a rise to 3.80% near year-end.

Increases were proportionately greater in the case of short-term bond rates which at times equalled or exceeded those for long-term credit, the pattern resembling that which prevailed prior to the 1930's.

### New High in Municipals

A new record volume of about $7.6 billion in tax-exempt bonds was distributed in 1959, exceeding the previous high achieved in 1958 by about $200 millions. About a third of the total was in revenue obligations, down somewhat from the 46% proportion reached in 1954.

Volume of new corporate issues, estimated at $6.6 billion, was substantially lower this year when compared to the $9.6 billion sold in 1958.

Electric, gas and water companies were less active than in either of the two previous years, and railroad equipment trust certificates, at $152 million, totalled less than in any of the past 10 years.

Tax problems increased for many state and local governments, forcing officials to seek new ways of raising revenue to satisfy the demand for expanding facilities and additional services. In practically every state legislatures changed tax rates, modified tax bases or adopted new taxes. Estimates of future state and local needs run as high as $15 billion.

Marked change was seen during the year in the market's attitude toward tax-exempt dollar bonds — the large issues, usually revenue bonds, having a single long-term maturity and which are traded at dollar prices, rather than at interest yields. Today, "many of the better issues are selling at prices close to the prices for their tax-supported brothers."

Bond market prospects in the year ahead are viewed with optimism "tempered by the problems faced by the Treasury in its financing; by the potential loss of additional amounts of our monetary stock of gold; by the possibility of a further disruption of industrial production because of labor disputes; and by the usual problems, often more pronounced in an election year," the survey indicated.

"All in all," Halsey, Stuart concluded, "the present outlook is for increasing demands for funds, both corporate and tax-exempt, which would indicate a continuance of the existing tightness in the money market. On the other hand, this is an election year and political pressures for lower financing costs may be even greater than usual.

"On balance, however, it now seems reasonable to expect no marked change in existing long-term bond rates in the near future. There has been a broadened interest in the bond market, especially among tax-exempt issues were particularly attractive investment bargains exist. This should make for an active bond market in the year ahead."

## Lehnberg Rejoins Goodbody & Co.

Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange and other leading security and commodity exchanges, announces that Werner Lehnberg has rejoined the firm as manager of the commodities division.

In 1958-59, Mr. Lehnberg served as chief of commodity research for E. F. Hutton & Co. In 1937 he organized the commodity research department of Goodbody & Co. which he headed for the ensuing 20 years. Mr. Lehnberg was commodity editor of the Fitch Publishing Company from 1934-37.

# 1960 Outlook Looks Good For In-Process Materials

*By George R. Vila,*Group Executive Vice-President*
*United States Rubber Company, New York, N. Y.*

**Rubber industry executive predicts booming sales for industrial raw materials in 1960. Mr. Vila reports gains are anticipated in rubber, chemicals and allied products, plastics, and metals. Textiles, too, present an encouraging picture even though gains are not expected since they will hold their own with 1959 which has become a textile boom year. The author reviews the details for each of these broad categories and his analysis notes plastics industry has grown faster than the others and is expected to double its present volume in 1965, and textiles, lead, zinc and copper have shown a lack of long-term growth. Nevertheless, each of these industries are expected to chalk up increases or high sales level in 1960.**

My assignment is not to predict the total consumption figures, but rather to examine the broad field of in-process materials under several categories — rubber, textiles, chemicals and allied products, plastics and metals. Such close scrutiny complicates the picture immediately, for it focuses attention on the aggressive competition and constant scramble for markets that exists within the in-process materials industry. It is a fluid field in which pressures generated by technological successes frequently cause the fortunes of individual commodities to advance or retreat.

Before moving ahead to my forecasts, may I state that the bulk of my experience has been in rubber. However, I have found diversification to be a great leveler, and since my company also produces textiles, chemicals and plastics I feel that I can speak with a degree of authority in these fields. Finally, my company variously regards metals as a competitor and an ally, and in this field I can speak with a degree of familiarity but less authority.

Broadly speaking, all present signs point to the conclusion that 1960 will be another boom year for in-process materials. Gains are anticipated in rubber, chemicals, plastics and metals. Our studies indicate that only textiles are expected to remain at approximately the level reached in 1959, but this is still encouraging for 1959 has become a textile boom year.

This overall picture of gains in the in-process materials field is quickly seen in Table 1. In this table we have given 1959 estimated consumption figures for all in-process materials a value of 100, and from this base have computed actual usage for the last two years and the predicted consumption as we see it, for 1960 on a percentage basis. Consequently, it permits a quick appraisal of the entire field. It is also a preface to a more detailed examination of each general category.

**TABLE 1**

**Summary (1)**

| | 1957 | 1958 | 1959 | 1960 |
|---|---|---|---|---|
| Rubber | 92 | 86 | 100 | 108 |
| Textiles | 86 | 85 | 100 | 100 |
| Chemicals | 92 | 91 | 100 | 106 |
| Plastics | 80 | 85 | 100 | 111 |
| Metals | 99 | 86 | 100 | 109 |
| Total (2) | 93 | 87 | 100 | 107 |
| FRB Index of Ind. Prod. | 95 | 89 | 100 | 105 |

(1) 1959=100.
(2) Weighted Average.

### Rubber

In rubber a well-defined boom crested in 1955, then production flagged as the ensuing recession set in. Bottom was reached in July, 1958, and a recovery cycle started which carried the industry to maximum capacity operations in the first quarter of this year. At that point strikes in a number of major rubber plants caused a severe readjustment, and the industry is only now nearing capacity levels again as it rebounds from this setback.

The 1960 outlook is for capacity, or near effective capacity operations. The major demand factor in 1960 will be a new high in replacement tire sales, the rubber industry's largest volume item. Original equipment tires, the industry's second largest item, are also forcast at substantial gains over the past few years.

Mechanical rubber goods such as belting, hose and molded products made for industrial customers are expected to develop strong recovery tendencies during 1960. Business in this area is closely correlated with industrial activity, and follows the FRB Industrial Production Index. A brisk increase in rubber consumption in this area logically follows.

Footwear, flooring, drug sundries, sporting goods and other consumer products are expected to continue at the high levels recently enjoyed by this segment of the industry.

In short, the outlook for the rubber industry is dynamic and a record high in consumption is likely to be achieved early in 1960. Table 2 depicting consumption that follows indicates this pattern of rise, fall and a rise to a new height that has been the industry's history over the past 12 years.

The choice of materials available to the rubber processor will be restricted by conditions peculiar to the rubber industry. The amount of natural rubber available to U. S. users is expected to be held to about 550,000 long tons annually due to the intense competition for supplies by a resurgent European industry and the Iron Curtain countries, working against an inflexible world supply of natural rubber in the vicinity of two million tons yearly. The recent decision of the United States Government to gradually liquidate its natural rubber stockpile will not modify this situation greatly, for it will only make available about 50,000 tons annually. The natural rubber situation is depicted in the bottom curve of the consumption Chart No. 1.

Consequently in 1960 the general purpose type of synthetic rubber, called SBR, is expected to encounter the highest demands in terms of absolute tons in its peace time history. Operations should be up to 80% of effective capacity, the best annual rate since industry took over the plants from the United States Government in 1955.

Demand is also expected to increase for the specialty synthetic rubbers, such as nitrile, neoprene and butyl. New markets have been opening up for these materials as rubber technology has advanced.

Industry's newest synthetic rubbers, the so-called isotactic type synthetics such as polyisoprene (synthetic natural rubber) and polybutadiene, are expected to move into the initial phases of commercial production during 1960. These types of synthetic rubber, similar in properties to natural rubber, will find a ready market in the truck-bus tire field.

We estimate rubber industry sales in 1959 will reach $6.25 billion, which represents a 16% increase over the $5.40 billion of 1958 and a 9% increase over the previous high of 1957. In 1960 we expect $6.75 billion in sales, or 8% over 1959.

**TABLE 2**

**Rubber Consumption—U. S. A.**

(Thousands of Long Tons)

| | Total New Rubber | Natural Rubber | Synthetic Rubber | % Synthetic Total | Rubber Industry Sales (Billion $) |
|---|---|---|---|---|---|
| 1947 | 1,123 | 563 | 560 | 49.9 | 3.41 |
| 1948 | 1,069 | 627 | 442 | 41.5 | 3.35 |
| 1949 | 990 | 575 | 415 | 41.9 | 3.05 |
| 1950 | 1,258 | 720 | 538 | 42.8 | 4.02 |
| 1951 | 1,213 | 454 | 759 | 62.6 | 4.90 |
| 1952 | 1,261 | 454 | 807 | 64.0 | 4.92 |
| 1953 | 1,339 | 554 | 785 | 59.0 | 5.10 |
| 1954 | 1,233 | 596 | 637 | 51.7 | 4.50 |
| 1955 | 1,530 | 635 | 895 | 58.5 | 5.50 |
| 1956 | 1,437 | 562 | 875 | 60.9 | 5.63 |
| 1957 | 1,465 | 539 | 926 | 63.2 | 5.75 |
| 1958 | 1,364 | 484 | 880 | 64.5 | 5.40 |
| 1959 (Est.) | 1,612 | 557 | 1,055 | 65.5 | 6.25 |
| 1960 (Est.) | 1,630 | 555 | 1,075 | 66.0 | 6.75 |

### Textiles

Conditions within the textile industry are more favorable today than at any time in recent years. The factors responsible are increases in disposable income and a favorable consumer's cash position which has resulted in stepped-up retail and department store sales.

The textile industry experienced a vigorous sales upturn in the summer of 1958, and this surge has continued into this year. In terms of physical production, it is estimated that there will be an 18% increase in 1959 over 1958. In fact sales are currently at such a high level that there is some possibility of borrowing from 1960. This is not meant to imply that a downturn is looked for next year, but rather that the level of business for 1960 should approximate the volume of 1959.

The FRB Index of Industrial Production for textile mill products stood at 92 for March, April and May, 1958. By May of this year it had climbed to 118, a 26-point gain. For this same period the comparable index of total industrial production increased a like amount. However between 1949 and 1958 the FRB Index of Industrial Production rose 37 points, while the index for textile mills products inched up only four points. This contrast, shown in Table 3 below, highlights the lack of dynamic growth that has plagued the textile industry in recent years. This also accentuates the cyclical nature of the industry, which lacks the leavening effect of long-term growth.

Over the past decade textile sales have been hampered by three main factors. First, non-textile materials such as plastic and rubber have taken over some traditionally textile applications. Second, the industry's research program has produced synthetic yarns, which replaced natural yarns in some products, and these man-made yarns have given so much wear replacement sales have been retarded. Men's nylon and dacron hose is a case in point. Finally, and perhaps most important, the changing pattern of living in America has put textiles in competition with producers of homes, autos, hi-fi sets and electrical appliances, and textiles have suffered in this battle for the consumer's cash.

However, an optimistic atmosphere exists in the textile industry at this point. Some of the factors generating this atmosphere are: (1) U. S. man-made fiber production was at a record level in the second quarter; (2) The consumer is spending more of his money on non-durable goods; (3) Inter-fiber competition has lessened as end-use markets for natural and synthetic fibers have become more stabilized.

Evidence that the struggle for markets between fibers is diminishing at least for the time being, is the "take-over" of some product areas by particular fibers. For example, Orlon is predominately used in sweaters, Acrilan in Jersey and blankets, Dacron in blends with cotton for apparel end uses and Dynel in pile fabrics.

We expect that total textile industry sales for 1959 will be $15.1 billion, approximately 21% over the $12.5 billion total of 1958. Sales for 1960 are expected to hold at the $15.1 billion level.

### Chemicals and Allied Products

The broad demand for chemicals and allied products, throughout our economy has caused this section of industry to grow at an overall rate that is directly comparable to the increase in the Gross National Product.

As a supplier to virtually all sections of industry, the chemical and allied products industry will benefit from virtually all of the factors that will push our economy upwards in 1960. For example, the predicted increase in automobile production will boost sales of chemicals used in the manufacture of glass, plastics, synthetic rubber, metals and paints.

An increase in 1960 in commercial and industrial building construction, and a relatively high volume of residential building, will also stimulate chemical sales. The National Highway Program, which will be stepped up in 1960, will increase the demand for a range of chemicals including those used in manufacturing cements, and herbicides used for roadside brush and weed control.

Greater emphasis on rockets, missiles and space exploration programs in 1960 will spur the demand for various chemical fuels and other chemicals products.

America's burgeoning population, and the consequent steady rise in food needs, coupled with the more intensive cultivation of farm lands, makes the prospects for agricultural chemicals attractive. This points to an increase in 1960 in the use of fertilizers, pesticides, herbicides, animal health products and feed additives.

An increase is expected, too, during 1960 in the use of petrochemicals, the fast-moving offspring of the chemical and petroleum industries. In 1960 petrochemicals are expected to account for roughly one-fourth of all chemical and allied products sales.

We expect that total chemical and allied products sales in 1959 will reach $25.5 billion, or an increase of 10% over the $23.2 billion level reached in 1958. This increase is directly proportional to the 10% increase in GNP for 1959 over 1958, or from $442 billion to $485 billion. In 1960 a 6% increase in GNP is anticipated, and consequently we predict a similar rise in chemical sales to $27 billion.

In Table 4 following, chemical and allied products sales are listed along with the Gross National Product, and the percentage of the GNP represented by chemicals and allied products.

### Plastics

The plastics industry, which is synonymous in the minds of many persons with boom, is currently rolling along at an annual rate of 5.4 billion pounds, or 17.4% over last year. Sales will continue to rise in 1960, but probably at a slightly slower pace. From 1950 to 1958 the growth rate of plastics production was 10%, compounded annually. Assuming this rate will continue into next year, we estimate that total production for 1960 will be 6 billion pounds, or approximately 10% over the mark that will be reached this year.

The boom in plastics is compounded of many elements. One important factor is the strong surge in auto production, for plastic usage now averages 12 pounds per car. The revival of the consumer durable goods industry is another factor. The spurt in commercial and industrial building construction expected in 1960, along with high residential construction, should broaden the market for plastic flooring, deco-

**TABLE 3**

**FRB Index of Industrial Production (1947-1949=100)**

| Year | Total Industrial Production | Textile Mill Products | Textile Mill Product Sales (Billions of Dollars) |
|---|---|---|---|
| 1947 | 100 | 101 | 11.6 |
| 1948 | 104 | 105 | 12.3 |
| 1949 | 97 | 94 | 10.7 |
| 1950 | 112 | 111 | 13.0 |
| 1951 | 120 | 107 | 14.3 |
| 1952 | 124 | 103 | 13.1 |
| 1953 | 134 | 104 | 12.5 |
| 1954 | 125 | 95 | 11.7 |
| 1955 | 139 | 107 | 13.6 |
| 1956 | 143 | 104 | 13.3 |
| 1957 | 143 | 99 | 13.0 |
| 1958 | 134 | 98 | 12.5 |
| 1959 (Est.) | 151 | 115 | 15.1 |
| 1960 (Est.) | 158 | 115 | 15.1 |

**TABLE 4**

| Year | Chemical & Allied Products Sales Billion $ | GNP Billion $ | % Chemical & Allied Products To GNP |
|---|---|---|---|
| 1947 | 13.7 | 232 | 5.91 |
| 1948 | 14.7 | 257 | 5.72 |
| 1949 | 13.3 | 257 | 5.18 |
| 1950 | 16.4 | 285 | 5.75 |
| 1951 | 18.4 | 328 | 5.61 |
| 1952 | 18.1 | 345 | 5.25 |
| 1953 | 19.3 | 365 | 5.29 |
| 1954 | 19.6 | 363 | 5.40 |
| 1955 | 21.4 | 398 | 5.38 |
| 1956 | 22.8 | 415 | 5.49 |
| 1957 | 23.4 | 443 | 5.28 |
| 1958 | 23.2 | 442 | 5.25 |
| 1959 (Est.) | 25.5 | 485 | 5.26 |
| 1960 (Est.) | 27.0 | 515 | 5.25 |

rative laminates and plastic construction items.

The largest volume plastic is now polyethylene, of both the low and high density varieties, which is currently being sold at an annual rate of 1.15 billion pounds, an increase of approximately 30% over sales of 865 million pounds in 1958. Containers, film and pipe are some of the many uses for this plastic.

Not far behind are vinyl and vinyl copolymer resins, currently selling at an annual rate of approximately 1.05 billion, a jump of about 25% over 1958 sales of 870 million pounds. Flooring, upholstery fabrics and molded shapes account for much of this plastic's volume.

Polyester resins appear likely to post a 35% increase in usage this year, from 117 million pounds in 1958 to 160 million pounds in 1959. Reinforced plastic boats represent a large use of this plastic, and their increase in popularity over the last few years merits the adjective "spectacular."

For the most part all of the other members of the plastics family will also show sizable sales gains at this year's end.

The year of 1960 promises to be highly significant in the growth of the plastics industry. Several market breakthroughs are hoped for during the coming year, and if they are achieved several new large-volume commodities will materialize.

Some of the other newer plastics — ABS (Acrylonitrile-Butadiene-Styrene) resins, polypropylene, fluorocarbons and polyformaldehyde — should show impressive gains in 1960. In polypropylene expansion of production facilities are still continuing, and 100 million pounds of capacity may be on stream next year.

Revolutions in plastic processing and fabricating technology may well be stepped up in 1960. Much has already been done in this area, but considerably more developments are promised. For example, tremendous strides have been made in laminating plastics to metals, blow - molding and vacuum forming. But as engineers and product designers become more familiar with plastics, and work more closely with plastic producers, a whole new range of fabricating techniques could result.

In Table 5 below the steady and awesome climb of the plastics industry's sales is shown, along with the average growth rate for this period.

An interesting footnote is that even the most optimistic business observer would have hesitated to forecast a sales rise in this nature if asked, immediately after World War II, to predict plastics sales for the next 10 years. But such a situation no longer exists, for forecasters now talk of the plastics industry doubling its present volume of business by 1965.

**TABLE 5**

**Plastics Production—U. S. A.***

| Year | Billion Pounds |
|---|---|
| 1947 | 1.35 |
| 1948 | 1.48 |
| 1949 | 1.52 |
| 1950 | 2.17 |
| 1951 | 2.44 |
| 1952 | 2.35 |
| 1953 | 2.79 |
| 1954 | 2.86 |
| 1955 | 3.77 |
| 1956 | 3.91 |
| 1957 | 4.34 |
| 1958 | 4.60 |
| 1959 (Est.) | 5.40 |
| 1960 (Est.) | 6.00 |

*Growth rate of 10% yearly from 1950 to 1958.

## Metals

Since metals are a broad, and very extensive field, we have broken this general category into four sections and will briefly review (1) steel, (2) aluminum, (3) copper, and (4) lead and zinc.

**Steel:** In steel the industry is generally looking for a 1960 ingot production level of 127 million tons, or a 19% increase over the estimated 107 million tons for 1959. This 1960 forecast means steel production would be at an all-time high.

The industry's estimated production of 107 million tons for this year is 26% over the 85 million tons produced in 1958, a recession year. Its performance this year is comparable to 1955 when production soared 33% in a recovery period following the 1954 recession, although the present strike has blunted an upsurge that would have been maintained throughout the year.

In the following Table 6, ingot production since 1947 is listed.

**TABLE 6**

**U. S. A. Steel Ingot Production**

| Year | Million Tons |
|---|---|
| 1947 | 85 |
| 1948 | 88 |
| 1949 | 78 |
| 1950 | 97 |
| 1951 | 105 |
| 1952 | 93 |
| 1953 | 112 |
| 1954 | 88 |
| 1955 | 117 |
| 1956 | 115 |
| 1957 | 113 |
| 1958 | 85 |
| 1959 (Est.) | 107 |
| 1960 (Est.) | 127 |

The broad upturn forecast for our total economy in 1960 will, of course, be reflected in steel which is basic to the economy. The particular forces underlying steel's rise in 1960 will be:

(1) The catch-up period following the recent strike, the longest experienced by the industry since 1919. Because of depleted inventories, 1960's first quarter should see extensive purchasing to rebuild these vital stocks.

(2) Automobile production, a large end-use for steel, is expected to increase 10% in 1960. Steel reserves in the auto industry will reach a low ebb late this year, so again large-scale inventory building will be required.

(3) New plant and equipment expenditures could hit $37 billion in 1960, close to the record expenditures of $37.5 in 1957. Since expenditures in this area will reach $33.3 billion this year, considerably more steel will be needed for these requirements next year.

(4) Defense expenditures are expected to be about $47 billion in 1960, and this will require a considerable volume of steel.

(5) Other areas that will contribute to a rise in steel usage during 1960 will be a step-up in the production of machinery, appliances, railroad cars and containers. Expansion in the oil and gas industry will also require heavier steel usage.

**Aluminum:** The aluminum industry has rebounded from a slow 1958 with record-breaking sales for the first half of this year. The slow-down in the general economy and cut-backs in aircraft orders hampered the industry through 1958, but in the first six months of this year the industry produced 942 thousand tons. This was a record for six months, and 24% above the similar period for 1958.

For all of 1959 it is estimated that total aluminum consumption will be 2,150 thousand tons, a new high and 21% over the 1,785 tons used last year. For 1960 the industry is predicting still another record year with consumption reaching 2,300 thousand tons, about 7% over the estimated level for 1959.

In the following Table 7 the consumption record of the aluminum industry is listed. The industry's use pattern has been trending steadily upward, with only occasional dips, over the past 12 years.

**TABLE 7**

**U. S. A. Aluminum Consumption**

| Year | Thousand Tons |
|---|---|
| 1947 | 938 |
| 1948 | 1,056 |
| 1949 | 755 |
| 1950 | 1,128 |
| 1951 | 1,136 |
| 1952 | 1,330 |
| 1953 | 1,605 |
| 1954 | 1,504 |
| 1955 | 1,999 |
| 1956 | 2,055 |
| 1957 | 1,920 |
| 1958 | 1,785 |
| 1959 (Est.) | 2,150 |
| 1960 (Est.) | 2,300 |

The primary stimulation for the surge in demand this year has come from a strong upturn in durable goods consumption. With the exception of the aircraft manufacturers, all of the major aluminum-consuming industries have been booming this year. Auto production ran 40% ahead of 1958 during the first half of this year. Total construction was up 13% during 1959's first half, compared to last year's first half, and the residential construction segment of this total was up 29%. Appliance manufacturers also experienced an upturn in sales in this period.

The largest market for aluminum at present is the residential and commercial construction field, and usage in this area has been steadily growing. But aluminum has also been making surprising inroads in other industries.

In auto production the use of aluminum averaged 15 pounds per car just 10 years ago. This year there are 52 pounds being used per car, and the automobile industry is expected to consume 150 thousand tons of aluminum this year. Nor is the end in sight, for the Chevrolet Corvair is just coming on the market with an aluminum engine block, and some auto designers are predicting aluminum will eventually replace cast iron in most engine blocks. Under development, too, are aluminum wheels, bumper and radiators for cars, with a total estimated potential of 335 thousand tons annually.

The railroad industry, reportedly, is about to adopt the first all-aluminum hopper cars, which are eight tons lighter than comparable steel cars, yet are purported to give equal wear.

In the chemical processing industry more than 30 thousand tons of aluminum are used annually for tanks and vessels, process pipe, heat exchangers, jacketing and plant structural use. Aluminum

*Continued on page 22*

# 1960 Outlook Looks Good For In-Process Materials

*Continued from page 21*

producers feel this market could increase to 60 thousand tons next year.

**Copper:** The copper industry is in a recovery cycle, similar to what it went through in 1955, and it should reach a consumption level of 1,375 thousand tons by this year's end unless severely hampered by labor difficulties. This would be 17% above the 1,179 thousand tons produced in 1958.

Business during the first half of this year has been the best the industry has experienced since early in 1956, just prior to a recession that extended over two years. Shipments to producers during 1959's first half totaled 831 thousand tons, or 51% better than the 546 thousand tons shipped during the first half of 1958. In June of this year the industry shipped 151 thousand tons, a 12-year high.

This upswing is expected to continue into 1960, and the industry is forecasting a 2% increase for next year with production reaching a level of 1,400 thousand tons. This is still below the recent peak reached in 1956, as can be seen in Table 8 following. The lack of long-term growth already noted for the textile industry is also apparent here.

**TABLE 8**
**U. S. A. Copper Consumption***

| Year | Thousand Tons |
|---|---|
| 1947 | 1,384 |
| 1948 | 1,344 |
| 1949 | 1,032 |
| 1950 | 1,371 |
| 1951 | 1,368 |
| 1952 | 1,446 |
| 1953 | 1,444 |
| 1954 | 1,209 |
| 1955 | 1,446 |
| 1956 | 1,466 |
| 1957 | 1,278 |
| 1958 | 1,179 |
| 1959 (Est.) | 1,375 |
| 1960 (Est.) | 1,400 |

*Does not include Government stockpiling.

Copper has not followed the general rise in the overall economy since World War II, in fact domestic consumption of brass mill products actually declined in the post World War II period. In addition during this period of declining sales, imports of copper-based products climbed. Since 1949, the year after tariffs on most brass mill products were halved, imports of these products has climbed from approximately 21 million pounds to over 150 million pounds annually. Although imports, on the average, account for only about 10% of domestic sales this percentage looms large for an industry bothered by declining sales.

The long-range outlook for copper, however, is good. A major factor is a change occurring within the industry itself. Traditionally, this industry has been composed of two segments, the mining group and the fabricating section. The consequence of such a situation was that consolidated marketing techniques were lacking. This picture is now changing, under the pressure of sharp competition from aluminum and other materials. The mining segment is attempting to stabilize prices, which were driven up by strikes in 1955 and 1956, while copper fabricators are aggressively seeking new markets for copper through research.

**Lead and Zinc:** Both the lead and zinc industries are in the early stages of a recovery from a period of decline in 1957 and 1958. During this time the general economy was going through a recession, and the situation of the lead and zinc producers was further aggravated by the cessation of additional purchases of these materials for the government's strategic stockpile.

Lead consumption for the first four months of this year rose 12% over the same period in 1958. Total 1959 consumption, according to industry estimates, will be 1.05 million tons, or 7% higher than the 982 thousand tons consumed in 1958. A 7% increase is also expected by the industry for 1960, bringing total consumption for next year to 1.125 million tons.

The table following gives lead consumption from 1947 through to the estimates for 1959 and 1960. The data show this industry's lack of growth over the same period.

**TABLE 9**
**U. S. A. Lead Consumption**

| Year | Thousand Tons |
|---|---|
| 1947 | 1,176 |
| 1948 | 1,134 |
| 1949 | 958 |
| 1950 | 1,238 |
| 1951 | 1,185 |
| 1952 | 1,131 |
| 1953 | 1,202 |
| 1954 | 1,095 |
| 1955 | 1,213 |
| 1956 | 1,210 |
| 1957 | 1,138 |
| 1958 | 982 |
| 1959 (Est.) | 1,050 |
| 1960 (Est.) | 1,125 |

So far this year U. S. mine production and imports of lead have been substantially below the like period for 1958. However, inventories of primary lead refiners have declined only 17 thousand tons from their high point of 214 thousand tons reached in February, 1959, in spite of a pick-up in demand and this lower rate of new production.

Zinc is working its way out of the recent recession at a more rapid pace than lead, because its inventory problems do not loom as large. In addition, zinc is more closely tied to the general economy because it is used in such key durable goods industries as automobiles, appliances and machinery, and its reaction to cyclical swings in the economy is more defined than lead.

Zinc consumption during the first half of this year was 37% higher than the first six months of 1958, due primarily to the stimulus of increased steel production. It is estimated by industry sources that total zinc consumption for 1959 will be 925 thousand tons, or 13% over 1958. Consumption in 1960, according to these estimates, will be 1 million tons, a gain of 8% over the estimated 1959 total.

In the table below the zinc consumption figures from 1957 are given. It shows this same information, and also points up this industry's lack of growth.

**TABLE 10**
**U. S. A. Zinc Consumption**

| Year | Thousand Tons |
|---|---|
| 1947 | 786 |
| 1948 | 818 |
| 1949 | 712 |
| 1950 | 967 |
| 1951 | 934 |
| 1952 | 853 |
| 1953 | 986 |
| 1954 | 884 |
| 1955 | 1,120 |
| 1956 | 1,009 |
| 1957 | 936 |
| 1958 | 821 |
| 1959 (Est.) | 925 |
| 1960 (Est.) | 1,000 |

Unlike lead, the production of U. S. zinc mines and imports of zinc ores and concentrates were about equal, during the first half of this year, to production and imports during 1958's first six months. However, the tighter rein that has been kept on domestic supply and a surge in consumption have driven down stocks in the hands of zinc smelters from 258 thousand tons in June, 1958 to 169 thousand tons in June of this year.

As indicated by the lead and zinc data, neither of these industries is a growth industry at the present time. Their usage is expanding at a lower rate than the increase in durable goods production. Both metals have suffered from competition, especially from new materials backed by strong research programs. But recently signs of resurgence in these industries have appeared, and now major research programs are underway to discover new lead and zinc applications.

**Summary**

This review of the prospects of the many segments of the in-process materials field leads to the conclusion: 1960 should be a good year for this area of industry. Without exception, a sales increase or a high level of sales is being anticipated for each of the industries involved. But, as the survey also disclosed, the 10-year histories of these various industries cannot always be described in the bright terms that are being used to sum up their 1960 outlook.

In the table (No. 11) below each industry's per cent of the Gross National Product is listed from 1947 on the estimated percentages for 1959 and 1960.

**TABLE 11**
**% to Gross National Product**

| Year | Rubber | Textiles | Chemical & Allied Products | Plastics | Metals |
|---|---|---|---|---|---|
| 1947 | 1.47 | 5.00 | 5.91 | 0.19 | ---* |
| 1948 | 1.30 | 4.79 | 5.72 | 0.15 | 6.67 |
| 1949 | 1.19 | 4.16 | 5.18 | 0.15 | 5.74 |
| 1950 | 1.41 | 4.56 | 5.75 | 0.20 | 6.68 |
| 1951 | 1.49 | 4.36 | 5.61 | 0.22 | 7.02 |
| 1952 | 1.43 | 3.80 | 5.25 | 0.21 | 6.01 |
| 1953 | 1.40 | 3.43 | 5.29 | 0.23 | 6.53 |
| 1954 | 1.24 | 3.22 | 5.40 | 0.24 | 5.54 |
| 1955 | 1.38 | 3.42 | 5.38 | 0.27 | 6.65 |
| 1956 | 1.36 | 3.21 | 5.49 | 0.28 | 6.83 |
| 1957 | 1.30 | 2.94 | 5.28 | 0.28 | 6.29 |
| 1958 | 1.22 | 2.83 | 5.25 | 0.29 | 5.65 |
| 1959 (Est.) | 1.29 | 3.11 | 5.26 | 0.31 | 6.81 |
| 1960 (Est.) | 1.31 | 2.93 | 5.25 | 0.32 | 6.99 |

*Not available.

In the years since 1947—a time of limited war, tense peace, recession, boom and inflation — the Gross National Product has more than doubled. Yet of the five broad industry groups under discussion here, only one was able to approximate this pace on a year-to-year basis, and inch slightly ahead of the general trend. The stand-out is the plastics industry, admittedly the smallest contributor to the national total, but nonetheless the only segment of the in-process materials group that has shown steady progress over this period.

The metals industry, the largest factor in the group, has literally staggered through this period and at this point is again going uphill toward a peak it reached in 1951. We should note, however, that in the metals group aluminum stands out as a growth industry. Chemicals and allied products have fallen off, but since 1957 have stabilized their position. The textile industry has consistently lost ground, and it seems unlikely that it will be able to regain its 1947 position in the foreseeable future. The rubber industry has moved along at a relatively even pace, not quite matching strides with the general economy but never falling more than a few steps behind.

The situation, of course, isn't this clear cut. The positions are based on the total performance of industry groups, and so outstanding gains by individual commodities are lost in the overall figures. However, the data indicate the constant struggle, for a larger share of a growing market, that exists within the in-process materials group. This struggle is vital to a democratic system such as ours, for it is the foundation of progress. Unfortunately, progress is usually accompanied by a degree of attrition for some materials.

*An address by Mr. Vila before the American Management Association's annual sales forecasting conference, New York City.

# SECURITY SALESMAN'S CORNER BY JOHN DUTTON

## Common Sense in the Coming Year

During the next 12 months it is very likely that there will be an extremely heavy calendar of speculative common stock issues brought to market. The present situation is not unlike past periods when investors and speculators alike have been imbued with a feeling of confidence and the market for speculative stocks has been active and strong. During the latter half of 1959 particularly, this trend has been noticeable. Many very marginal companies with meagre past histories of performance have nevertheless been able to successfully sell stock to the public at prices that during other times could not have been marketed. Some extreme instances of this type have surprised some of us whose memories go back to other days when such speculative excesses were very much the vogue.

Recently I read a prospectus describing a new common stock issue of a small company located in my city where the ratio of current assets to current liabilities was less than 1¼ to 1 after the public financing was completed. The stock appreciated in price almost 200% within a few days after the new issue hit the market and yet this company has no particularly outstanding products, it is in a highly competitive industry, and the earnings record has been unimpressive. The stockholders will have a long wait before they see dividends and the road ahead from all indications is not going to be without serious problems. Sooner or later companies such as this will have to come to market again for additional capital and if they meet with even temporary reversals their ability to withstand even a year of unfavorable business is not very promising.

**Don't Be Misled by Temporary Market Gyrations**

When many marginal new issues of common stock are coming to market in a period of speculative enthusiasm on the part of the investing and speculating public, the security salesman is often placed in a position where it is necessary to resist unsound procedures which in the long run can be damaging to his clientele, and his future production in the years ahead. There will be clients who are more than willing to downgrade their investments because they have heard of friends who have made quick and sometimes very large profits buying into some of these speculative, glamour, situations that have captured public fancy. There are others who quite naturally would like to make some "easy money" and who will go along with over-priced but highly touted new issues. They will buy almost anything that is offered to them providing they have made a few successful "turns" that have whetted their appetite. Any security salesman that devotes his time to servicing this type of business to the extent that he neglects his work in building and servicing an investment clientele that is interested in income, longer term capital appreciation, and the preservation of capital, is playing with fire as it concerns his future and the years ahead.

**The Best Type of Business**

The backbone of the investment business is not the "something for nothing" get-rich-quick speculator who has eyes several times as big as his stomach. These people can be very easily sold low priced speculative common stocks, over-priced new issues, and almost any security that promises them a fast profit during periods of highly active speculative public activity in the security markets.

It is the investor who desires to build a sound portfolio of well diversified investments and who knows that you can't get something for nothing who should be cultivated by the securities salesman who wants to build something for himself besides some temporary "fast buck" acquaintances. Under no circumstances should good investment accounts be encouraged to downgrade their portfolios in the expectation that some speculative profits can be achieved during the year ahead. A common sense approach to this problem will be helpful in protecting your bread and butter investment accounts from the losses that eventually must take place in many of the overpriced and highly over-rated common stocks that are currently being eagerly sought after by those who would disregard fundamentals.

# Reynolds Makes Appointments

John F. Bryan has been admitted as a general partner in Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, it was announced by Thomas F. Staley, directing partner. Mr. Bryan is the firm's syndicate manager and makes his headquarters in Reynolds' main office. Prior to joining Reynolds & Co. in 1958, Mr. Bryan had been affiliated with Smith, Barney & Co. for four years.

The company has also announced the appointment of Joseph A. Lee as manager of the institutional department, and the appointment of Richard E. Broome to the corporate securities division of the institutional department. Prior to joining Reynolds & Co. in 1950 as assistant to Clifford Roberts, one of the partners of the firm, Mr. Lee was affiliated with Union Securities Corp. Mr. Broome had previously been employed by Central Republic Co. and Dean Witter & Co. in institutional sales.

# BANK AND INSURANCE STOCKS

*BY LEO I. BURRINGTON*

## This Week — Bank Stocks

*BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOC'N*

Bank of America, the nation's largest bank and leader of branch banking, serves over 350 communities throughout California with its some 650 branches; also it operates extensive foreign facilities. It serves nearly one-half of all bank deposits in the dynamic California region and provides the greatest diversification of earning assets among United States banks. With approximately one-half of the Bank's deposits representing savings accounts, it is the nation's largest savings institution.

The record of solid growth from its small beginning in 1904 to first position among non-government owned banks in the world is a concrete example of profitable operations under free enterprise, operations which contain many lessons for those interested in banking success. Founded on the concept of completely servicing its market by meeting swiftly ever-developing demands, asset and deposit growth quickly surpassed the results of the large New York and Chicago banks.

Distinguished by the greatest diversification of earning assets, high yielding real estate and consumer instalment loans account for more than one-half of the bank's total loans today. Although not the first to introduce a credit card service program its "Americacard" system is among the most comprehensive credit services in operation; application became statewide during 1959. The early concentration on bank services to the mass public has attracted deposits for asset growth to the extent the bank is able to make a single loan of up to $50,000,000. Thus, commercial loans by Bank of America are sizable today even though the percentage to total loans is lower than other banks in the billion dollar ranks. Stated reserves for possible loan losses exceed $4.60 per common share.

For the year ended Dec. 31, 1959 capital funds expanded 4.1%, total deposits 3.1%, total assets 3.4%, and loans 16.6%. Total time and savings deposits declined slightly during the year probably due to withdrawals by corporate deposits for investment in short term government issues, attractive for their higher returns.

Although key bank policy is determined at the top management level, bank operations are highly decentralized with branch managers making the decisions for effectively serving local customer needs. The demonstrated efficiency in successfully fulfilling such needs would by comparison probably put the majority of local unit banks in the country in a pale light. Typical of several opportunity-minded banks, the Bank of America incorporated a Small Business Enterprises subsidiary during 1959 in line with its policy of expanding financing services.

Bank of America operates the largest trust department west of Chicago. Assets administered are believed to exceed $1.5 billion. Considerable future growth should evolve for these services.

With the home office in New York, Bank of America's wholly-owned subsidiary, Bank of America (International) has assets exceeding $381 million. Several branches are in operation throughout the world. In contrast to the Bank's domestic operations, wholesale banking dominates international operations. As a good-will gesture and to offer its international skills, Bank of America will set up an office at Squaw Valley, California, to service athletes and their followers with foreign currency exchange facilities during the forthcoming Olympic Games.

Bank of America's net operating earnings reached a record high of $86,297,920 for 1959 compared with $77,018,825 in 1958 for a gain of 12%. Earnings performance on capital funds is one of the best nationally and this record largely explains why the stock sells considerably above its book value. An extra dividend of 10 cents a share was paid during 1959 to supplement the regular annual dividend rate of $1.80 a share. A payout of $1.90 per share during 1960 is the minimum expectation. Presently there are 25,600,000 shares outstanding.

During 1959 the stock of Bank of America appreciated 16.5% in the market; this performance equalled the gain in the Dow-Jones industrial stock average for 1959. Since the beginning of 1950 the bank's stockholder gain (dividends declared plus increases in book value) has outpaced the market appreciation of the stock during the same period. Thus, this bank issue in particular can be considered reasonably priced at current levels.

Although per share earnings growth over the years has been relatively moderate due in large part to the higher dividend payout policy, greater operating efficiencies from the recently publicized ERMA (Electronic Recording Method of Accounting) automatic machine utilization should enhance future earnings considerably. Management has considered 1959 a year of investment for greater return in 1960 and later years. At present the statewide credit card service and the introduction of automation procedures remain as factors which will add to future profits, although they limited earnings gains during 1959.

With extraordinary and demonstrated capacity for superior growth, this highly marketable stock can be recommended for defensive attraction. Prospects for continued progress in servicing its world-wide market and in expanding its well-rounded retail banking network should yield excellent returns.

**Statement of Condition (in millions $)**

| ASSETS— | 12/31/59 | | 12/31/58 | | 12/31/57 |
|---|---|---|---|---|---|
| Cash | $1,950.7 | 16.7% | $1,860.5 | 16.5% | 17.4% |
| U. S. Governments | 1,796.3 | 15.4 | 2,398.1 | 21.5 | 17.6 |
| Other securities | 929.0 | 8.0 | 1,004.4 | 8.9 | 8.0 |
| Loans | 6,599.7 | 56.5 | 5,661.9 | 50.1 | 52.2 |
| Other assets | 393.7 | 3.4 | 366.0 | 3.3 | 4.8 |
| Total assets | $11,669.4 | 100.0% | $11,290.9 | 100.0% | $10,639.2 |
| LIABILITIES— | | | | | |
| Capital funds | $632.7 | 5.4% | $607.5 | 5.4% | 5.4% |
| Deposits | 10,625.0 | 91.1 | 10,307.6 | 91.3 | 89.5 |
| Deposits (non demand) | (5,297.3) | (49.9) | (5,332) | (51.7) | (49.7) |
| Reserves | 251.6 | 2.1 | 222.8 | 2.0 | 1.4 |
| Other liabilities | 160.1 | 1.4 | 153.0 | 1.3 | 3.7 |
| Total liabilities | $11,669.4 | 100.0% | $11,290.9 | 100.0% | $10,639.2 |

**Selected per Share Statistics**

| Year | Net Oper. Earnings | Divid. | Book Value | % Earned on Book Value | Approx. Bid Price Range |
|---|---|---|---|---|---|
| 1959 | $3.37 | $1.90 | $24.71 | 14.0% | 50—42 |
| 1958 | 3.01 | 1.80 | 23.49 | 13.1 | 42—32 |
| 1957 | 2.81 | 1.80 | 22.54 | 12.7 | 39—32 |
| 1949 | 2.65 | 1.25 | 14.94 | 18.5 | 23—17 |

## Warner, Jennings Branch

HONOLULU, Hawaii — Warner, Jennings, Mandel & Longstreth, Philadelphia investment firm has opened a branch office at 919 Bethel Street with Willard M. P. Wong as resident partner.

## Bache to Admit Four Partners

Effective Feb. 1, 1960, the investment firm of Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, is planning to admit to general partnership John A. Roosevelt, youngest son of the late President Franklin D. Roosevelt; Thomas P. Lynch; Charles W. Rendigs, Jr., and Carl Nicholas Miller, Jr., it has been announced by Harold L. Bache, senior managing partner. At the same time, Mr. Bache announced that Shepard Broad, a resident of Miami, Fla., will become a limited partner.

Mr. Roosevelt has been associated with Bache & Co. since 1957 when he joined the firm's Institutional Department.

Mr. Lynch joined Bache & Co. as Controller in April, 1956.

Mr. Rendigs has been with the Syndicate Department of the Bache organization for ten years.

A member of the New York Stock Exchange, Mr. Miller will represent Bache & Co. on the floor of the Exchange, the eighth Bache partner to handle the firm's transactions on that market.

### Mutual Inv. & Trust

TUCSON, Ariz. — Mutual Investment and Trust Corp. has been formed with offices at 201 North Court Avenue to engage in a securities business. Officers are Norman R. Horwitz, President; Colonel Clare H. Welch, Vice-President; Ben B. Wallis, Secretary; and Fred R. Stofft, Treasurer.



# MUTUAL FUNDS

BY ROBERT E. RICH

## Look Back in Pleasure

As if mutual fund men had to be told at this point, the **National Association of Investment Companies** just the other day reported that last year was a very good year indeed for the industry. Yet the NAIC's preliminary statistics turned out surprisingly better than many fund managers had expected. According to the association, investor purchases of mutual fund shares hit a record $2.3 billion in 1959, far higher than the $1.6 billion purchased during 1958.

Combined net assets of the NAIC's 155 mutual fund and 24 closed-end investment company members also soared, came to about $17.4 billion at the year's end. For the open-ends, the year-to-year increase was from $13.2 billion to $15.7 billion. The closed-ends, quite naturally, showed a slower rise from $1.6 billion to $1.7 billion. Shareholder accounts were up from 3.6 million to 4.3 million for the mutual funds.

That perennially unhappy topic, redemptions, also was covered by the association. Redemptions increased from $511 million in 1958 to $780 million last year. Fund men could comfort themselves as usual by observing that these were in part the result of plan completions. More important, however, was the fact that the percentage rise in redemptions was not too much greater than the gain in sales.

Accumulation plans continued to chalk up appreciable growth. New plans started last year came to 360,000, compared with just 243,000 begun in 1958. These now total 1,150,000, a handy rise over the 878,147 in force at the close of 1958.

For those investors looking anxiously into 1960, **Vance, Sanders & Company** offers a set of New Year's resolutions which should work to smooth out the road ahead:

(1) I will at the first opportunity have my entire investment account reviewed by my investment dealer or by someone else who is qualified to do the job.

(2) Whatever carefully-arrived-at decisions as to investment changes I may make, I will carry out without delay; and I will not let sentiment, prejudice or any other emotional influence affect my decisions in any way.

(3) I will check my account to see that the quality of my investments affords the kind of protection I want for my savings, plus a prudent measure of opportunity for growth of principal and income.

(4) Whatever else I may do, I will see that I have broad diversification of securities, not only by individual issues, but by industries as well.

(5) I will have my account continuously supervised throughout the year to see that it is kept in line with my investment objectives.

As you have already noticed, each of these resolutions is a good argument for buying mutual funds in the first place.

## The Funds Report

**National Securities & Research Corp.**, whose President is Henry J. Simonson, Jr., has forecast sharp gains in earnings for the steel producers and auto makers during 1960, good earnings for truck producers, automotive parts suppliers, tire makers, major machinery manufacturers and companies supplying electrical and electronic equipment, office equipment and household furnishings.

* * *

**Corporate Leaders Trust Fund** boosted its total net assets by 28.5% to $49,586,259 during the fiscal year ended Nov. 30. Net assets per share gained by 17.4% to $21.81 over the same period. John M. Templeton, President of **Corporate Leaders of America, Inc.**, the sponsor company, reported that the fund had experienced the greatest growth in its history during fiscal 1959.

* * *

In the year ended Nov. 30, **American Business Shares, Inc.**, registered a decline in net assets from $27,468,716 to $26,437,328, but reported an increase from $4.25 to $4.39 in net assets per share during the period.

Common stocks added to portfolio during the year were American Insurance Co. (Newark), Bank of America National Trust & Savings Association, Cleveland Electric Illuminating Co., First National City Bank of New York, Ford Motor Co., Hanover Bank (New York), and Morgan Guaranty Trust Company of New York.

Eliminated were Colgate-Palmolive, Liggett & Myers Tobacco, Northern States Power Co., Radio Corp. of America, Rochester Gas & Electric Co. and Victor Chemical Works (merged into Stauffer Chemical, which remains in portfolio).

* * *

**Massachusetts Investors Growth Stock Fund** set new year-end high marks in total net assets, assets per share, shares outstanding and number of shareholders during the year ended Nov. 30. Net assets increased 40% to $308,150,197. Net assets per share gained 15% to $14.37. Shares grew from 17,573,303 to 21,995,104. The number of shareholders increased 28% to 85,838.

Purchased during the latest quarter: Avon Products, Bell & Howell, Central and South West Corp., Eastman Kodak, Gillette, Moore Corp., Ltd., McDermott (J. Ray) Co., Pitney-Bowes, Royal Dutch Petroleum, Southern Co., Texas Gulf Producing and Texas Pacific Coal & Oil.

* * *

Observes **Delaware Management Company, Inc.**, in its directors' letter: "From being considered the safest and surest of all inflation hedges, oil stocks have come near the status of friendless outcasts. . . . We don't believe all the troubles of the industry will evaporate with the new year, or that oils will soon again dominate the speculative activity of the market. But we do think that emotional pendulums frequently swing too far, and that when they do, worth while values may be found."

* * *

Net assets of **Commonwealth Income Fund** rose from $8,602,322, equal to $9.14 per share, to $14,756,589, equal to $9.59 per share, in the fiscal year ended Nov. 30.

* * *

During the year ended Nov. 30, **Nucleonics, Chemistry & Electronics Shares, Inc.**, boosted its net assets 92% to $6,684,261 and its assets per share 33% to $13.57.

* * *

Three of the four funds of **Institutional Shares, Ltd.**, reported gains in assets per share over the fiscal year ended Nov. 30, while one disclosed a decline. The funds and their assets per share: **Institutional Foundation Fund**, up from $10.47 to $10.55; **Institutional Growth Fund**, up from $10.75 to $11.35; **Institutional Bank Fund**, up from $11.53 to $12.86, and **Institutional Insurance Fund**, down from $12.38 to $12.10. Meanwhile, **Institutional Income Fund, Inc.**, reporting separately for the same period, showed a drop from $6.67 to $6.65 in assets per share.

* * *

**Fidelity Capital Fund** reports a rise in net assets from $270,394, equal to $9.53 per share, to $11,945,888, equal to $12.53 per share, in the fiscal year ended Nov. 30. The sharp increase in the fund's size was primarily the result of its nationwide underwriting in February, 1959.

* * *

General Mills will offer a first prize of $30,000 worth of stock in **Dividend Shares, Inc.**, a $260 million assets mutual fund managed by **Calvin Bullock, Ltd.**, in a nationwide promotion for its eight leading brands of cereals early this year.

* * *

**Bullock Fund**, reporting for the year ended Nov. 30, disclosed a gain in net assets from $45,094,983, equal to $13.07 per share, to $54,706,641, equal to $13.18 per share.

* * *

**Keystone Income Stock Fund S-2**, largest of **Keystone Custodian Funds'** 10 domestic open-ends, has announced an increase in net assets from $78,818,076, equal to $11.72 per share, to $93,300,466, equal to $12.80 per share, in the year ended Nov. 30. The latter figures include $7,554,168, equal to $1.10 per share, paid Nov. 15 as a capital gains distribution.

Added to portfolio during the latest two quarters: Electric Storage Battery, Lorillard (P.), Square D and United-Carr Fastener. Eliminated were American Stores, Firestone Tire & Rubber, Pfizer (Chas.) & Co., Pitney-Bowes, Socony Mobil Oil and Southern Natural Gas.

* * *

**Scudder Fund of Canada** reports an increase in net assets per share from $12.30 to $12.58 during the 12 months ended Nov. 30. On Dec. 16, assets were equal to $13.01 per share. Common stocks amounted to $93.6% of portfolio on Nov. 30. Principal holdings were in steels, petroleum and natural gas, paper and public utilities.

* * *

Net assets of **Investors Variable Payment Fund, Inc.**, amounted to $125,968,051, equal to $5.97 per share, at the end of November, compared with $49,875,492, equal to $5.41 per share, one year earlier. Largest investments were in business equipment, chemicals, electrical equipment and electronics, insurance, oil and gas, and public utilities.

* * *

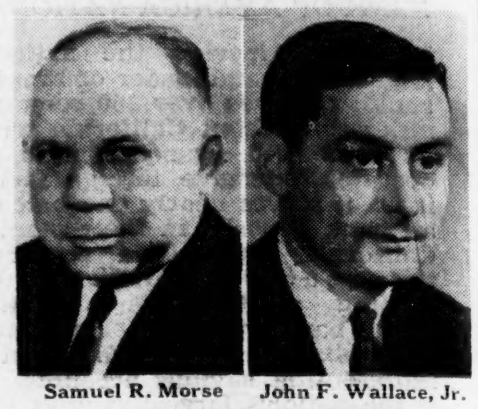
In the fiscal year ended Nov. 30, **Canadian Fund, Inc.**, experienced a decline in net assets from $45,654,958, equal to $18.09 per share, to $43,655,206, equal to $17.19 per share.

### Tingley Branch Mgr.

ALBANY, N. Y. — S. Bradford Tingley has been appointed Manager of the Albany office of Kidder, Peabody & Co., 75 State Street.

## Broad St. Sales Promotes Two

Samuel R. Morse, Vice-President of Broad Street Sales Corporation, has been elected Vice-President and Secretary of the company, and John F. Wallace, Jr. has been



Samuel R. Morse   John F. Wallace, Jr.

elected Treasurer, Milton Fox-Martin, President, announced. Both elections were effective January 1. Broad Street Sales is general distributor of the Broad Street Group of Mutual Funds.

Mr. Morse, who has spent almost all his business life with the investment company group, was elected Vice-President in 1946. Mr. Wallace has been assistant Treasurer since 1957.

## Kidder, Peabody Elects 3 V.-Ps.

Kidder, Peabody & Co., Incorporated, 17 Wall Street, New York City, has announced the appointment of Robert F. Powell, J. Richard Ranck, and Arthur D. Styles as Vice-Presidents of the company. Mr. Powell and Mr. Ranck are in the company's Philadelphia office, Fidelity-Philadelphia Trust Building, and Mr. Styles is in the Boston office, 75 Federal Street.

Mr. Powell, who has been active in the investment securities business since 1938, joined the company in 1941. Mr. Ranck has been affiliated with Kidder, Peabody since 1933. Mr. Styles joined the company's Boston office five years ago, having previously served as a Vice-President with the Empire Trust Company in New York City.

## Sheridan Joins Nat'l Securities

James G. Sheridan has joined National Securities & Research Corporation, 120 Broadway, New York City, as a wholesale representative in the Metropolitan New York area, it has been announced by E. Waln Hare, Vice-President in Charge of Sales.

In his new position, Mr. Sheridan will assist Walter J. J. Smith, Vice-President in Charge of the New York Territory. Before joining National, Mr. Sheridan was with Kidder, Peabody & Co., Incorporated. Prior to this he was associated with the Texaco Company.

### Form Service Securities

Service Securities, Inc. has been formed with offices at 1790 Broadway, New York City, to engage in a securities business. Officers are Joseph D. Blau, President; Morris H. Haber, Vice-President; Ralph Losso, Secretary; and Sanford S. Goldstein, Treasurer.

### Chanler With Estabrook

BOSTON, Mass. — Bronson W. Chanler has joined Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges, as a member of the Investment Supervision Department. He was formerly a partner of Clark & Chanler.

## C. J. Devine Co. Admits Three

John J. Cahill, John P. Dee, John G. Matteson and Frank E. Pelton, Jr. have been admitted as partners of C. J. Devine & Co., 48 Wall St., New York City, as of Jan. 1, 1960.

John J. Cahill

Mr. Cahill, who joined C. J. Devine & Co. in 1941, is Manager of the firm's institutional investment department. He was formerly employed by the Manufacturers Trust Company.

Mr. Dee is a member of the firm's Government bond department. He joined C. J. Devine & Co. in 1939, having formerly been employed by the Manufacturers Trust Co.

Mr. Matteson, who is Branch Manager of C. J. Devine & Co.'s Chicago office, joined the firm in 1934.

Mr. Pelton, who joined C. J. Devine & Co. in 1933, is Branch Manager of the firm's St. Louis office.

## Federman, Stonehill in N. Y.

A new member firm of the New York Stock Exchange, Federman, Stonehill & Co., which will engage in the business of underwriting and distributing security issues as well as conducting a general brokerage business, was formed as of Jan. 1, H. L. Federman, Senior Partner, announced.

General Partners of the new firm in addition to Mr. Federman are Harold Stonehill, who is the partner-member of the New York Stock Exchange; Herbert M. Iselin and Henry R. Nathan, all of whom, until Dec. 31, were partners in the firm of D. H. Blair & Co.

Limited Partners in the new firm include: Lawrence W. Barber, Vice-President, Maryland Cup Co.; David A. Dawn, President of Alice Stuart, Inc.; Stephen W. Hofman, retired, formerly engaged for many years in the diamond trade in this country and South Africa; and Joseph Michalover.

Federman, Stonehill & Co. will maintain its headquarters in New York City in the Sixty Wall Street Tower Building, post office address 70 Pine Street, New York 5, N. Y. Branch offices are planned to be opened in Florida and California in the near future, Mr. Federman revealed.

Mr. Federman has been associated with New York Stock Exchange firms for the past 32 years, including such firms as Ira Haupt & Co. and Hirsch & Co.

Mr. Stonehill has held his membership in the Exchange for more than 30 years. He was formerly a principal of Sellwood & Stonehill.

Herbert Iselin's background has been in law and finance. He was associated with the New York law firm of Chadbourne, Hunt, Jaeckel and Brown. Attracted by the financial aspects of his legal practice, he joined the investment banking firm of Van Alstyne Noel & Co., with whom he was associated for four years before accepting a partnership in another New York Stock Exchange member firm.

Mr. Nathan was a security analyst in the statistical departments of Hirsch & Co., and Ira Haupt & Co. for a 20-year period between 1938 and 1958. Two years were taken out for services overseas with the 5th U. S. Army of Italy. Previously, Mr. Nathan was in the foreign exchange department and securities department for A. E. Wassermann, a private bank in Berlin.

### CORRECTION

In the "Financial Chronicle" of Dec. 31 it was reported that Electronics Funding Corporation was engaging in a securities business from offices in New York City. We have been informed that this is in error, that the company has been formed to handle the purchase and leasing of machinery and equipment to electronics firms.

### With L. F. Rothschild

Haskell Seligman has become associated with L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange, as a registered representative and Assistant Manager of the firm's training program.

## Dillon, Read Heads C.I.T. Deb. Group

Public offering of $75,000,000 C.I.T. Financial Corp. 5⅛% debentures, due Jan. 15, 1980, was made Jan. 5 by a nationwide underwriting group headed by Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers. The debentures are priced at 98.46% to yield 5.25% to maturity.

Net proceeds from the sale of the debentures will provide additional working funds for the corporation and its subsidiaries, to be used initially to reduce short-term borrowings, including some incurred for the purpose of paying $50,000,000 of term debt which matured Jan. 1, 1960, and the balance of which were incurred for the purpose of purchasing receivables in the ordinary course of business.

The debentures are not subject to redemption prior to Jan. 15, 1968. Thereafter, the debentures are redeemable at prices scaling downward from 101.75% to 100% on and after Jan. 15, 1979.

C.I.T. and certain of its wholly-owned subsidiaries are engaged principally in specialized forms of instalment financing, certain related insurance operations and in factoring. The corporation and its subsidiaries form one of the largest instalment sales financing organizations in the United States and Canada.

### R. J. Adams Opens

SPOKANE, Wash.—Roy J. Adams is conducting a securities business from offices at 407 West 26th Street.

### Celebrates 80 Years

The 80th birthday of William P. O'Connor, Sr., Vice-President of McDonnell & Company, Inc., members of the New York, American and other Stock Exchanges, was celebrated Jan. 5th at a party preview of the company's new Park Avenue office at 250 Park. Officers of the company and personal friends of Mr. O'Connor attended in his honor.

Records of the ages of members are not maintained by the New York Stock Exchange, but only one other active floor member is known to have reached 80. Mr. O'Connor's seniority offers an interesting contrast to the youth of the managing group of 55-year-old McDonnell & Co., Inc., whose average age is well under 40.

# PUBLIC UTILITY SECURITIES

BY OWEN ELY

## Public Service Company of Colorado

Public Service of Colorado and subsidiaries supply electricity and gas to a population of some 850,000 in an extensive area around Denver. The company's history dates back to 1869 when the Denver Gas Company was formed; in 1880 electric light was introduced —lights and batteries being hauled through the streets to serve different customers on special occasions. The company's 1958 report contained the interesting story of its history, 1959 being the centennial year of the Gold Rush in the Rockies. Public Service now furnishes about 72% of the electricity and 82% of the gas used in the State.

Since 1946 the company's revenues have more than quadrupled to around $107 million, with gas showing the largest gain. House-heating saturation has increased from 45% to nearly 100%, since Public Service was one of the very few companies in the U. S. which could obtain ample supplies of natural gas. Gas now contributes some 47% of revenues and electricity 53%. Residential sales contribute 37% of electric gross, commercial 32%, industrial 18% and sales to other utilities 8%, while domestic business provides 59% of gas revenues.

Farming, livestock, mining and tourist business have been the mainstay of Colorado's economy; crops and livestock contribute about half a billion dollars annually to the State economy, and tourists some $360 million.

The State is rich in natural resources, with over 100 billion tons of proven coal reserves, 16 million acres of commercial timberland and natural gas reserves estimated at over 2½ trillion cf. It ranks third in the production of uranium ore. Over 30 metals are found including deposits of silver, lead, zinc, copper, gold and iron, and industrial minerals such as gilsonite, gypsum, feldspar and fluorspar. (Gilsonite, a comparative newcomer, yields gasoline, coke, paint solvents, etc.)

Industries include oil refineries, flour mills, creameries, meat packing plants and canning factories, based on the traditional economy of the State. In the postwar period, however, there has been a tremendous growth of defense projects such as electronics, aircraft and missiles.

In addition to resources already in process of development and use, Colorado has an additional huge economic asset in its tremendous supplies of oil shale rock, estimated to contain one trillion barrels of oil or five times the present oil reserves of the free world. (It already has estimated primary oil reserves equal to about 300 million barrels.) Activities in the production of natural gas have been stepped up considerably, particularly in northeastern Colorado and in the Four Corners area.

As a result of these developments, the population of metropolitan Denver has increased about 55% since 1950, making it one of the fastest growing areas in the country; the population of the State has increased at a rate about twice that of the national average. This above-average rate of growth is expected to continue.

The company plans to spend about $207 million on construction in the five years 1959-63 compared with $150 million in the previous five years. After completion of the third generating unit at Cherokee in 1962 total generating capability will exceed one million kw compared with only 393,000 kw in 1952; by 1970 it is expected to reach two million kw.

Some 1.1 million kw public power may ultimately become available from construction of the Colorado River Storage Project authorized by Congress in 1956; a comprehensive transmission plan for marketing this power was presented to the U. S. Bureau of Reclamation by the utilities of five States. The principal unit in this project — Glen Canyon in northern Arizona — is about 600 transmission miles from Denver.

The company's gas operations have been somewhat complicated by rate problems. Since 1953, Colorado Interstate has placed in effect four wholesale gas rate increases which were subject to review by the FPC. In March, 1959, Interstate refunded to the company (which in turn passed the money on to its own customers) some $23 million involved in the first three increases. A voluntary agreement has now been reached regarding the fourth increase, with adjusting refunds. This will pave the way for establishment of new rates, presumably geared to a definite rate of return for Interstate.

The company's share earnings record has been somewhat irregular, with a moderate rate of gain. Earnings in 1958 were $2.66 compared with $2.81 in the previous year and 1959 earnings may be slightly lower ($2.57 was earned for the 12 months ended Dec. 30.) Currently, only about 5% is being earned on invested capital (year-end basis, as compiled by Standard & Poor's). The company has, therefore, applied to the State Commission for a 14% increase in electric revenues and a 5% increase in gas, designed to earn a 6¾% return on investment. A settlement in the rate case is expected by July, 1960. In a 1955 decision the Commission allowed a return of 6% on a year-end rate base, or a 6.3% return on the average rate base. The total amount of the increases requested is $10 million which if received in full would approximate $1.36 per share.

At the end of 1958 capitalization was 45% long-term debt and bank loans, 19% preferred stock and 36% common stock equity.

Operating conditions have been generally favorable in 1959 and revenues are expected to rise to $107 million, more than 10% above 1958. Some 25,000 new customers were added and the weather was about 12% colder resulting in increased space heating. However, the 5% stock dividend paid early in 1959 has diluted share earnings. At the recent price around 53 the stock yields 3.6% (based on the $1.90 dividend rate), and sells at about 20.6 times recent earnings.



# AS WE SEE IT

(Continued from page 1)

tion. Some half-hearted efforts on the part of the Republican party during the past few years have been made to limit in some small degree this preferred treatment, but basically the Eisenhower Administration and the Republican party have remained in support of the New Deal type of treatment of the unions. There has been no hint of any desire to restore competition in the field of labor unionism. The President has called upon the unions—or some of them—to act in moderation, and that is about all.

Now we find that the President with all his prestige could not persuade the steel workers union to act "responsibly." The absence of any sort of competition with the steel union left the public at the mercy of this large and wealthy organization. Less in the public eye, but not less important is the fact that other labor unions, one after the other, have been and today are demanding and getting large wage increases and other benefits, to say nothing of restrictive rules which add seriously to the cost of goods the consumer needs. In these circumstances it is all but inevitable that demand should arise for legislation to bring this labor monopoly under some sort of control. The market place having been deposed as arbiter, the only alternative left at least so far as current philosophy goes is further "creeping socialism" in the form of government regulation.

By another route the course of political thinking is encouraging about the same sort of thing in the case of employers. It has been a good many years since an "economist" came forward with the concept of "administered prices." Now there are a good many in public life who find in "administered prices" the cause of inflation already realized and the source of danger of future inflation. So far as we are aware, the President has not committed himself directly on this question of "administered prices" as a cause of current price disturbances, but there is a good deal in what he has been saying to the steel manufacturers which is quite consistent with this line of argument. Now we do not for a moment hold with this notion of "administered prices," which in effect says that there is enough of practical monopoly in industry to enable producers to set their prices without very much regard to costs. It is a fact, however, that if the concept is accepted, it follows logically that some sort of price control be installed to remedy the situation. More "creeping socialism," of course.

### A Basic Conflict

But, of course, the basic conflict between condemnation of "creeping socialism" and the various programs and policies supported by the enemies of "creeping socialism" goes much deeper. One of the most cherished enactments of recent times—among politicians of both parties, that is—is the so-called full employment act. This legislation doubtless could be interpreted as calling upon the Federal Government to withdraw from the fields it has invaded in recent years and leave the economy to flourish as it did through many, many decades under the American system of *laissez faire*—since that is the very best way to promote the ends sought. But, of course, no one imagines for a single moment that any such thing was intended by the lawmakers when they took this measure to statute books or that the party now in power has any such view of it. On the contrary, repeated assurances have been given that various steps which must be labeled "creeping socialism" have been promised if and when they appear to be needed. Now so long as the Federal Government retains the function of ending the business cycle—for that is what is involved—not by laws which offer the maximum of freedom to business but by stepping in to control or direct or persuade businessmen to take courses regarded as in the public interest there is hardly much room for repeated condemnation of "creeping socialism."

The general policy of having government all but guarantee certain standards of housing to all citizens is another case in point. The housing program of the Federal Government, mostly of New Deal and Fair Deal origin but ardently supported by the Republican party has many facets, all of them in the end amounting to the provision of housing at costs to the beneficiary less than normally obtaining. They have not always worked out as expected, but they have been and are active, and so long as the government continues to find this type of thing part and

parcel of its normal functions, condemnation of "creeping socialism" falls strangely from its lips.

There is no need to labor the point further. If we are to avoid "creeping socialism" we must overhaul many cherished programs, or discard them altogether.

# Essential Financial Policies For Sustainable Growth

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Nor can we, in my judgment, attain a high and sustained rate of growth in the face of either an actual or expected progressive decline in the purchasing power of the dollar.

The importance of avoiding inflation deserves special emphasis. Surely the rate of economic growth in the future—which depends so heavily on a high rate of saving and capital formation today—will be stunted if fear of inflation is allowed to impair the will to save in traditional, fixed-dollar forms. And surely an unsustainable upsurge in economic activity, based on expectation of inflation, is likely to be followed by a fall back to a lower level of activity and consequent underutilization of our economic resources.

**Enemy of Growth—Inflation**

Inflation, either in the form of a gradual, insidious upward creep in the price level, or as a rapid upthrust of costs and prices, is the enemy of growth.

Some people have interpreted this concern with inflation as reflecting a desire to roll back prices to some earlier level in order to restore the purchasing power of the dollar to its status 10 or perhaps 20 years ago. This would be a highly unrealistic goal. While there is much to be said for a gradual decline in the price level as productivity increases, so that at least part of the fruits of greater efficiency could be passed on to the consumer, we have no desire to force prices drastically lower within a short period of time. The proper goal with respect to the price level is, first, to stop the erosion in the purchasing power of the dollar that has taken place over the past two decades and, second, to eliminate in the process any mistaken expectation that the value of the dollar will continue to decline.

Recent developments in the international economy also provide convincing evidence of the need for maintaining a strong dollar. The world economy of today is markedly different from that of the early postwar years. Reconstruction of the war-torn industrial economies abroad has been largely achieved. These industrial nations have made impressive and heartening progress in rebuilding, improving, and enlarging their productive facilities. The result has been a marked increase in the competitive capacities of industrial countries abroad. The financial counterpart of this change in the international economy has been a remarkable strengthening of the currencies of these industrial countries, and the disappearance of the foreign exchange difficulties that earlier plagued these countries.

**Our Dollar and Balance of Payments**

These important economic and financial developments — coupled with a large outflow of dollars from this country in the form of private capital, government loans and grants, and military expenditures abroad — have been reflected in a series of deficits in this country's international balance of payments. The deficits, measured by gold and liquid dollar gains by foreigners on their transactions with the United States, have occurred in each year since 1950—with the exception of 1957—but in 1958 and 1959 rose to a very high level. The deficit for 1959 is likely to approach $4 billion. Current trends indicate that our deficit in 1960 will be somewhat smaller, reflecting to an important extent a temporary increase in foreign demand for certain types of exports, but it seems likely that the deficit will continue to be relatively large. We should not interpret short-run improvements in our balance of payments position as necessarily indicating that our problems have ended.

The circumstances in which we find ourselves are novel from our standpoint. They require a reorientation of thinking in this country with respect to international economic and financial policies. It would not be responsible to conclude that the United States can continue safely to sustain for a long period of years deficits of the magnitude of 1958 or 1959, or the somewhat reduced deficit in prospect for 1960.

The dollar is the major reserve currency of the world. This function can be served efficiently only if foreign holders of dollar claims, who now have a sizable financial stake in the way in which we manage our affairs, continue to have confidence in the dollar's basic worth and stability. Under these circumstances, a responsible government must adopt measures and encourage actions at home and abroad that, over time, will reduce the size of the deficit and have as their long-range objective a satisfactory equilibrium in our over-all payments position. Such steps are essential if we are to maintain a sound basis for providing capital on a large scale to underdeveloped countries and to meet our other important national and international obligations.

This Administration's attack on this problem will continue to be consistent with our vital goal of promoting multilateral world trade. It will, in short, be directde—not toward protectionism and restriction—but toward liberalization and expansion of world commerce. Basic to this goal are our efforts to control inflation and thus to maintain a competitive cost-price structure.

During recent months the Administration has been reviewing the government's policies of foreign loans and grants in the light of the basic shifts in the world's economic and financial situation. In light of these same shifts, we shall continue to search out appropriate ways of encouraging American exports of goods and services; to press for removal of discriminatory restrictions on dollar imports abroad; and to encourage other industrial countries to participate more adequately in the provision of capital to underdeveloped countries.

As a member of the United States delegation to the NATO meeting in Paris earlier this month, I found broad support and approval for the actions this country has taken thus far to improve its balance of payments position. Responsible European observers and officials, recognizing the basic importance of a strong dollar to the future economic and military strength of the free world, have a keen awareness of the practical necessity for improvement in the United States balance of payments position.

Much more could be said concerning the significance of balance of payments developments for our internal economic policies. However, the major conclusion is that these developments provide another important reason for maintaining stability in the price level as we pursue our goals relating to growth and employment.

**Examines Anticyclical Proposals**

Federal financial policies, as I use the term today, include government actions with respect to the budget, monetary management, and debt operations. In discussing budget policy, we are not looking at the tax structure as such, but at the over-all relationship between Federal expenditures and revenues as reflected in a budgetary surplus, deficit, or balance.

Government financial actions have a significant impact on total demand. Recognizing this, a sizable group of economists advocates the active and coordinated use of the policies in an anticyclical manner. According to this view, a period of actual or threatening inflation, arising from pressures of demand, would call for a substantial surplus in the Federal budget. This would be achieved by an increase in tax rates, a relative decline in expenditures, or some combination of the two. Such a surplus, it is argued, would help dampen total demand inasmuch as government spending would fall short of tax revenues. Monetary policy, appropriately directed toward restraint, would help prevent excessive credit expansion from adding unduly to total spending for goods and services.

In this scheme of things, debt management in an inflationary environment would play a supporting but nevertheless important role. Treasury cash and refunding operations would be concentrated in securities of relatively long maturity. In addition, the proceeds of the Federal surplus would be used to retire short-term debt. In boom periods, therefore, the average maturity of the public debt would be significantly lengthened and liquidity in the economy would be reduced, thereby helping further to dampen spending.

Consistent with this countercyclical approach, the program would be consciously reversed during a recession. Reductions in tax rates and increases in expenditures would contribute to a large deficit in the budget. Monetary policy woudl be directed toward ease in order to encourage expansion in credit and the money supply. Emphasis in debt management would be shifted strongly towards short-term financing, and a large portion of the securities sold to finance the deficit and in refunding operations would probably be taken up by the banking system.

In my judgment, this approach to the problem of countering cyclical swings in order to promote sustainable growth has some serious shortcomings. I am not referring to the desirability of achieving budget surpluses in prosperous periods and deficits in recessions, nor to the flexible use of monetary policy to dampen credit expansion in booms and to stimulate expansion in recessions. What I am referring to are difficulties encountered in the use of budget policy and debt management in the described manner.

From the standpoint of budget policy, a basic consideration is that decisions as to taxes and spending programs often reflect many factors other than broad economic considerations. The timely use of budget policy as a conscious countercyclical weapon is also influenced by the fact that authority over taxation and spending is the joint responsibility of the Executive and the Congress and is not centered in one branch of the government.

Furthermore, experience in the postwar period indicates that it is much easier to achieve a deficit in a recession than a surplus in a boom. Large deficits in recessions, only partially offset by modest surpluses in periods of high and rising activity, tend to complicate the task of achieving sustainable growth in two ways. First, the net deficit of the Federal Government over a period of years adds to inflationary pressures. Second, flexible and timely administration of monetary policy may become more difficult in view of the complications that are likely to arise from Treasury efforts to manage a growing public debt.

We must also recognize the burden that a large public debt can place on future generations. This burden does not refer to the resources used up by the government spending financed through borrowing; the extent to which such costs can be shifted to the future is exceedingly limited.

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# Essential Financial Policies For Sustainable Growth

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Rather, the burden consists of the economic effects of managing a large debt and the impact of the taxes that must be levied to service it. The transfer operation involved in interest payments on the debt is hardly frictionless; it involves additional government expense, a considerable degree of taxpayer irritation, and—of primary importance — a significant effect on incentives in the private sector of the economy. We cannot, therefore, accept the false comfort of the view that, simply because "we owe most of the debt to ourselves," a large public debt is of no real economic concern.

**Opposes Variable Tax Rate**

Moreover, attempts to vary tax rates and spending to help smooth the business cycle may well have perverse effects. Changes in tax rates and spending may sometimes take so long to plan, legislate, and put into effect that many months may elapse from the time the need for action becomes clear until the change in budget position affects total spending. By the time the actions become effective, the economy may have changed radically, with the result that large deficits have their major impact during periods of rising business activity, and vice versa. Any proposals for an arrangement that would permit some sort of administrative variation in tax rates to counter cyclical trends, such as vesting additional authority in the Executive Branch, do not seem to be feasible—or desirable—under our form of government.

Do these considerations imply that we are left only with the alternative of attempting to achieve a rigorous balance in the budget, year in and year out? In my judgment, they do not. The goal of a surplus in the budget during prosperous periods and, on the average, over a longer period of time also, is highly desirable. Moreover, in view of large automatic swings in tax receipts and spending over the cycle, budget deficits of moderate size are probably unavoidable — and, indeed, desirable — during periods of declining business activity.

Consequently, we should, in my opinion, give serious consideration to operating under some variation of the stabilizing budget proposal, in which budget policy, year in and year out, would be geared to the attainment of a surplus under conditions of strong business activity and relatively complete use of economic resources. On this basis, during a recession, the automatic decline in revenues and increase in expenditures—reflecting in part the operation of the so-called "built-in stabilizers" — would generate a moderate deficit. In prosperous periods, tax receipts would automatically rise and certain types of spending would contract, producing a surplus. Then, over the period of a complete business cycle, a surplus for debt retirement would be achieved, but without the disrupting effects of attempts to balance the budget in recessions. Intentional variations in tax rates or spending programs for cyclical purposes would thus be kept to a minimum, although conditions might well arise in which such variations would be desirable.

**Federal Debt Handicaps Monetary Policy**

Monetary policy — the second Federal financial policy — should continue to be administered flexibly in combatting inflation and recession. Achievement of a net Federal surplus over the business cycle as a whole would significantly ease the task confronting the monetary authorities and, in addition, would reduce the extent to which we may be forced to rely on monetary policy as a stabilization device. In my judgment, the lack of adequate surpluses in the prosperous years following the Second World War, which has resulted in a more than $30 billion increase in the public debt since the end of war financing, has meant that monetary policy has been called upon to bear more than its proper share of the burden in promoting sustainable economic growth.

This unavoidably heavy reliance on monetary policy may have contributed to wider swings in interest rates and capital values than would have been necessary if budgetary surpluses had been adequate. But it seems incorrect to argue that monetary policy has assumed too large a role; the conclusion is rather that the degree of monetary restraint has had to be greater than would have been the case if budgetary surpluses had been adequate.

**Limitations to Debt Management**

To some economists, Treasury debt management—the third Federal financial policy — affords a highly useful technique for promoting sustainable economic growth. They point out that, in contrast with budget policy, authority to manage the debt is centered in a single department of government, so that many of the problems of lags involved in budget policy are not encountered. The positive use of debt management to promote sustainable economic growth would be as described earlier, involving heavy reliance on long-term financing during periods of high and rising business activity and a shift to short-term financing during recessions. The difficulties that would be encountered in this approach are by no means insurmountable, but they are certainly formidable.

An important practical consideration arises from the over-riding need for the Treasury to meet the government's fiscal requirements. Under some circumstances, a pressing need for cash may in effect force the Treasury to market short-term issues, for which there is a broad and consistent demand, even though spending in the economy may be rising rapidly relative to productive capacity.

It is not widely recognized that the marketable debt has increased by more than $20 billion during the past 18 months. This expansion in the marketable debt reflected the need to finance, in effect, a $12½ billion deficit in fiscal year 1959 and a $5½ billion seasonal deficit in the past six months, as well as more than $2 billion in maturing F and G savings bonds and other debt over the 18 months as a whole. Borrowing requirements of this magnitude during a period fo strong economic activity and sharply expanding private credit demands, make it exceedingly difficult to use debt management as an active anti-inflationary instrument. This is simply another way of saying that an inappropriate budget situation—such as a large deficit that must be financed during a period of vigorous economic recovery — can severely complicate debt management.

A second complicating factor arises from the current imbalance in the public debt structure and the tendency for the debt to grow shorter in maturity simply as a result of the passage of time. At the present time $80 billion of the $188 billion of marketable securities mature within one year. Even though this is the largest amount of under one-year debt since the end of 1953, we must realize that the liquidity requirements of our economy—reflecting the demands of commercial banks, nonfinancial business corporations, state and local government funds, and foreign investors—can support a relatively large short-term debt. This total may be higher than we would like to see it at the moment, but we do not view it as excessively high from a long-run standpoint.

The real problem revolves around the debt maturing in from one to five years, which has increase from $33 billion in 1953 to $61 billion at the present time. Even if within the next five years the total marketable debt and the under one year debt does not expand, $22 billion of securities will tumble into the one to five year range simply as a result of the passage of time.

**Stresses Need For Debt Lengthening**

Debt lengthening must, therefore, continue to be a high priority goal of debt management. Otherwise, we shall ultimately arrive at a position in which the liquidity instruments of the economy embody a highly dangerous inflationary potential and, in addition Treasury debt operations will occur even more frequently and in larger amounts. This would severely complicate the attainment of sustainable economic growth.

Rigid application of the countercyclical approach to debt management, as envisaged by advocates of the approach, would involve additional difficulties. Heavy reliance on short-term financing to help combat a recession would contribute to a large build-up of near-term maturities, which would very likely have to be refinanced in a period of rapid business recovery.

Of even greater importance is the possibility that the liquidity represented by the increase in short-term debt might unduly complicate our efforts to avoid an unsustainable upsurge during the succeeding business expansion. The existence of a relatively large volume of highly liquid short-term securities provides considerable scope for expansion in the velocity of money as economic activity improves. This is because the holder who desires to liquidate a short-term security—whether it be a financial institution obtaining funds for lending, or a business corporation or other holder obtaining funds to spend for goods and services—can sell the security in the market at a price very close to its maturity value, or simply allow the security to run off at maturity. Thus, even though the money supply may not increase, there would probably be a shift in idle balances, from buyers to sellers of short-term securities, that would facilitate an increase in total spending. The greater the potential increase in velocity during a boom period—as reflected in part in the existing volume of short-term Treasury debt—the less the effectiveness of a given degree of restraint on the money supply in limiting inflationary pressures.

**Favors Intermediate-Term Issues**

One method of avoiding so large a build-up in liquidity during a recession is to rely heavily on new government security issues of intermedaite - term maturity. Such issues tend to be bought by commercial banks in their attempts to bolster earnings in the face of a slackening loan demand and falling interest rates. As banks purchase these obligations with reserves made available by an expansive monetary policy, bank credit and the money supply tend to grow, thereby helping to counteract recessionary pressures. If in a later period of business expansion interest rates rise and market values of these intermediate-term issues decline, banks may continue to hold a large portion of the obligations to avoid taking losses. Monetary policy would thereby be reinforced rather than hampered, as might be the result of large-scale bank liquidation of short-term government securities. In addition, some badly needed lengthening in the maturity of the debt could be achieved.

Treasury debt management in the recession of 1957-58 was consistent with this approach. Only $3½ billion of truly long-term bonds—over 10 years' maturity—were sold in the last two months of 1957 and the first half of 1958, but $17½ billion of securities maturing in four to 10 years were marketed. Banks subscribed heavily to these intermediate - term securities; their total loans and investments expanded at a rapid rate; and, as a consequence, a substantial amount of monetary growth occurred. In addition, significant progress was made in lengthening the average maturity of the debt.

During periods of rapid business expansion, the opportunities to sell substantial amounts of long-term Treasury securities — as would be required under the countercyclical approach — are often quite limited. This may in part reflect the impact of expectations of higher interest rates and rising prices for goods and services. In addition, the competition for long-term money may be especially severe. Part of this competition has, in effect, been created by the government itself, as reflected in the large expansion in Federally guaranteed or insured mortgages and other securities that bear some sort of government support. The competitive position of State and local government issues is enhanced by the tax - exemption privilege. Moreover, the relative attractiveness of nearly all types of private securities, as compared with government issues, has been increased by growing confidence that severe recessions and depressions will be avoided.

**Deplores Interest-Rate Ceiling**

These impediments to marketing large amounts of long-term issues are likely to exist in any period of strong business activity. As many know, however, there exists today a wholly artificial restriction on the ability of the Treasury to achieve debt lengthening. I refer to the 4¼% interest-rate ceiling on new issues of Treasury bonds, enacted in 1918, which under today's market conditions prevents the Treasury from issuing any new marketable securities of more than five years' maturity for cash or in exchange for securities at maturity or in advance of maturity.

Thus the ceiling completely prevents us from any significant amount of debt lengthening, either for the purpose of reducing the volume of liquidity instruments in the economy or contributing to a better balance in the debt structure by selling a reasonable amount of longer-term issues. In addition, the existence of the ceiling contributes to higher rather than lower interest rates on government securities, simply because the Treasury must aggressively compete with other borrowers in a limited sector of the market, rather than prudently spreading its issues over other maturity sectors. Sole reliance by the Treasury on short-term financing tends to drive short-term rates to higher levels than would otherwise prevail. This not only reacts quickly on the cost of carrying the public debt because of the large amount of securities that must be refunded each year, but also unduly raises the cost of short-term financing to all other borrowers.

We in the Treasury have attempted to cope with this situation by relying as much as possible on new issues in the four to five year maturity range; $10 billion of these issues have been sold in the past six months. But there is a limit to the amount of funds that can be raised in this sector of the market without driving interest rates on such maturities to very high levels. Moreover, the rates that we have had to pay on such issues—ranging as high as 5%—are in our judgment higher than the rates that would have been necessary to market moderate amount of longer term securities. In our opinion, the shift of even a moderate amount of debt from the one to five year area to longer term status, because of its marginal impact, would have significantly dampened the sharp rise in short-term rates that occurred in 1959.

Some of those who oppose removal of the interest-rate ceiling maintain that, judging by experience in recent years, the Treasury would not offer a large amount of longer term issues even if the ceiling were eliminated. This is true. We told the Congress last summer that, if and when the ceiling is removed, we would have no intention of unduly competing for long - term funds by flooding the market with Treasury bonds; the amount of new cash issues, or those offered in exchange for maturing securities, would probably be relatively modest in amount.

But we **do** believe that we could make significant progress in debt lengthening by engaging in another type of debt operation, referred to as "advance refunding." In the long-term sector, advance refunding would involve the exchange of new long-term Treasury securities for outstanding bonds which still have a number of years to run until final maturity. Investors participating in the operation would simply exchange existing bonds from their portfolios for newly issued longer obligations of approximately equal market value. Although the maturity of the debt, on average, would be extended, this would occur without the disruptive effects of new cash issues, or the market churning that accompanies refunding offerings of long-term bonds for maturing issues as the short-term investors who hold the maturing securities sell their "rights" to long-term investors. Similarly, holders of government obligations maturing in two to three years could be offered the opportunity of exchanging for new issues in the five to 10 year range.

Legislation passed in the last session of Congress, which permits the Secretary of the Treasury to allow holders of securities refunded in advance to postpone for tax purposes any gain or loss on the operation, will facilitate this type of exchange. Unfortunately, however, this promising technique cannot be used for refunding beyond five years until the 4¼% ceiling is removed, or alternatively, until the cost of long-term borrowing declines below 4¼%. This is because the true cost to the Treasury of any long-term financing — whether through advance refunding or other methods—would under current conditions be greater than 4¼%.

Last summer the President, in referring to his request for removal of the interest rate ceiling, stated that no more important issue had come before that session of Congress. The need for removal is even more pressing today. In the forthcoming session of Congress, we shall urge action on the request with all the vigor that we can command.

The economics profession is today confronted with a challenge in restudying and arriving at sound and constructive conclusions with respect to national financial problems. Some of the thinking about budget and debt management policies may not always be sufficiently cognizant of certain practical considerations, as well as the perverse effects that can easily occur as economic conditions shift rapidly and policies have to be changed. Ideas will always receive a

audience from those of us who share responsibility for Federal financial policies.

**Crucial Non-Partisan Issue**

The question of fiscal and monetary discipline — because of both its domestic and international implications—may well become a great issue in the 1960's. This is an issue that should be above partisan considerations; the stakes are much too high for anything other than a nonpartisan approach. This means that economists must redouble their efforts in helping to broaden public understanding of the operation of our fiscal and monetary system. It means also that the role of the professional economist in government or as an adviser to government, which has expanded so greatly during the past three decades, may be destined to become even more important. The skill and objectivity with which you fulfill these vital obligations may well be the determining factor in the world-wide struggle between economic systems and ideologies.

We have before us the greatest opportunity in history. We are a rich country with vast resources. We occupy a leading position among the nations of the world. All that is required of us is that we manage our affairs prudently and abide by the disciplines of economics that the past has proved to be sound. If we will do that, there is no reason why we do not stand on the threshold of the greatest opportunity this nation has ever known.

*An address by Mr. Anderson before the American Finance Association and American Economic Association, Washington, D. C., December 29, 1959.

# Customers Brokers To Hold Meetings

The Association of Customers Brokers will hold a stock market forum on Jan. 7th in the new clubrooms of the New York Society of Security Analysts at Beaver and William Streets.

Speakers will be John W. Schulz, Wolfe & Co.; Bradbury Thurlow, Winslow, Cohu & Stetson, Inc.; and William I. LaTourette, Shearson, Hammill & Co.

The Association will also have a two-lesson educational course on "How to Put Sell Into Your Telephone Voice." This will be held Jan. 19th and Jan. 27th at the New York Society of Security Analysts. Attendance is limited to 100 and reservations should be made in writing to Hanns E. Kuehner, c/o Laird, Bissell & Meeds.

# Alex. Brown Sons Absorbs A. M. Law

SPARTANBURG, S. C.—The officers and staff of A. M. Law & Company, Incorporated, 295 East Main Street, have become associated with Alex. Brown & Sons and will operate as an office of the Brown firm. A. M. Law & Company, Inc. was established in Spartanburg in 1892. Alex. Brown & Sons has been engaged in the investment business since 1800.

**Form Amer. Ind. Shares**

EAST ORANGE, N. J.—American Industrial Shares, Inc. has been formed with offices at 172 Prospect Street to engage in a securities business. Officers are Sidney M. Bluestone, President, and Eleanor A. Bluestone, Secretary. Mr. Bluestone was formerly with Grunberg & Co.

**Hemphill, Noyes Branch**

PUTNAM, Conn. — Hemphill, Noyes & Co. has opened a branch office at 158 Main Street under the management of Carl E. Andersen.

# Our Reporter on GOVERNMENTS

*BY JOHN T. CHIPPENDALE, JR.*

The opening move by the Treasury in 1960 in the money market was a modest surprise since the amount of new money which was to be raised by the government was somewhat under expectations. Nonetheless, the way in which these funds were obtained was in line with the thinking of the financial district. Also, the refunding of the 12 month Treasury bill with another issue to run for the same length of time was also in the cards. In both of these offerings the investor sets the rate which will be at a discount from 100.

The money market and the capital market is going into 1960 on the same keel that prevailed in the last quarter of last year; that is, high interest rates, with a tight money policy and an expanding demand for loanable funds. Based on these factors, it looks as though competition for money and credit will keep the cost of obtaining them at a high to higher level.

**The Current Offerings**

The Treasury in its first financial operation of the New Year decided to raise $500 million less of new cash than had been estimated by most money market followers. Among the issues involved was $2 billion of 166-day tax anticipation bills due June 22 and which can be used for the payment of income taxes on June 15. These bills will be dated Jan. 8 and will be part of an issue which was first offered on Oct. 21, 1959. The Treasury tax and loan account in commercial banks can be used for the payment of the new money bills and it is believed that these funds will be allowed to remain in this account for at least 25 days. This has added to the attraction of the June tax-bill as far as the deposit institutions are concerned.

The other part of the early 1960 financing of the Treasury was $1.5 billion of one-year bills to be offered to owners of those which are coming due on Jan. 15. This is the first attempt of the government to refinance and rollover a 12 months bill, and it is evident that the Treasury by cutting down on the amount to be replaced from $2 billion to $1.5 billion has tried to make the repayment of this maturity a successful one. That is, to keep the amount of the attrition or the cash pay-out down to a minimum. Also, the fact that $500 million of the bills coming due on Jan. 15 will be paid off by the Treasury indicates that government revenues have held up very well in spite of the long steel strike. It has been expected in some quarters that the Treasury would have to borrow $2 billion to $2.5 billion of new money this month.

The next operation of the Treasury in the money market will be to take care of the February maturities and it is believed that the way in which they will be provided for will be made known by the middle of the month or shortly thereafter. The $11.4 billion of securities coming due next month will most likely be refunded with a package offering consisting of a note maturity as well as a short-term obligation. Of the total, $5.7 billion are owned by the investing public and the balance held by the Federal Reserve Banks and government trust accounts.

**Net Debt Reduction**

The January new-money raising venture could take the Treasury out of the money market until April, but the money managers do not close the door to the possibility that funds might have to be obtained before that time. If there should be an interim trip to the market for new money it is believed that it will come sometime in February. The government in the first half of 1960 will be retiring debt in spite of new borrowings. Even though the Treasury may raise between $4 billion and $4.5 billion in new funds, retirements should run to about $10 billion. This will bring the government debt down to or slightly below the $285 billion limit which applies at the end of the current fiscal year.

**Slight Debt Extension Seen**

The use by the Treasury of a short-term issue to raise new money and to finance the maturity of the Jan. 15 12 month bill (with another year long security) most likely means that the refunding of the other government obligations as they come due in 1960 will be done whenever possible through the use of issues that will extend the maturity of the debt. However, until there is either a change in money market conditions toward some ease, or a change in the 4¼% interest rate limit on government bonds, the maturity extension will not be very significant.

# Kidder, Peabody Group Heads $50 Mill. Offer

An underwriting group managed jointly by The First Boston Corp. and Kidder, Peabody & Co. offered for public sale on Jan. 5 a new issue of $50,000,000 Commercial Credit Co. 5¼% notes due 1980. The notes are priced at 100% and accrued interest to yield 5.25% to maturity.

The proceeds of the sale will be added to the finance company's working capital and may be used for the purchase of receivables, for advances to or investments in subsidiaries and for reduction of loans.

The new notes may not be redeemed before Jan. 1, 1968. On and after that date the company may, at its option, redeem the notes at 103.50%, the premiums scaling down to par after Jan. 1, 1979.

**Form Fain & Fain**

PROVIDENCE, R. I. — Fain & Fain has been formed with offices at 111 Lorimer Avenue to engage in a securities business.

# STATE OF TRADE AND INDUSTRY

*Continued from page 4*

the ability of the government to muster broad public support for a stabilization effort that necessarily called for sacrifices. The program was aimed not only at keeping down the government's budget deficit but also at a dismantling of escalator clauses, subsidies, rent controls, import restrictions, and the like—in short, at reversing the succession of attempts to rely on ingenious contrivances as an escape from the implications of basic market forces.

The "Review" article concludes that although many economic problems remain to be solved, France now seems to be in a position to deal with them effectively. A major achievement of the stabilization program has been that it has restored self-confidence and brought new vigor to economic life. Provided that a resurgence of inflationary pressures is avoided, and that reliance upon a genuinely free market mechanism continues to broaden, there can be high hope everywhere that France will regain and maintain the economic strength that her role in the Free World requires.

**Bank Clearings Increased 5.4% Above 1959 Week**

Bank Clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle," based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, January 2, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 5.4% above those of the corresponding week last year. Our preliminary totals stand at $23,337,564,219 against $22,149,270,585 for the same week in 1958. At this center there is a gain for the week ending Friday of 5.2%. The principal money centers for the week follows:

| Week End. Jan. 2— | 1960 (000 omitted) | 1959 (000 omitted) | % |
|---|---|---|---|
| New York | $11,934,506 | $11,345,512 | + 5.2 |
| Chicago | 1,172,648 | 1,195,407 | — 1.9 |
| Philadelphia | 1,026,000 | 1,111,000 | — 7.7 |
| Boston | 736,363 | 696,697 | + 5.7 |

Complete details of bank clearings throughout the nation appear on page 43 of our Monday, Jan. 4, edition.

**Reference Book Lists 221,190 Firms in New York Trading Area**

Statistics released by H. Harper, District Manager of the New York of Dun & Bradstreet, Inc., obtained from a count of the Dun & Bradstreet Reference Book for January, 1960, totaled 221,190 manufacturers, wholesalers and retailers in the New York Trading Area.

In 1959, as in many consecutive prior years, New York City continued as the undisputed business and financial leader with more listings than any other city.

Mr. Harper stated that the purpose of the Reference Book is to provide an immediate reference in capsule form of credit information on virtually all manufacturers, wholesalers, retailers in over 50,000 communities throughout the United States and Canada. Due to fluidity of day to day business, the Reference Book is revised every sixty days. Indicative of this ever changing cycle, in the past year, there were 98,007 credit rating changes noted in the New York Trading Area.

The Reference Book lists only manufacturers, wholesalers and retailers. It does not include some of the service and professional businesses such as beauty and barber shops; stock and real estate brokers. Therefore, the total number of available reports at Dun & Bradstreet far exceed those indicated within the covers of the Reference Book.

**Steel Peace Based on Price Increase**

The government-sponsored steel labor settlement will probably cost steel users a few extra dollars a ton for their steel soon, "The Iron Age" predicts.

Cost of the agreement, which the industry reluctantly accepted after terrific government pressure, is too rich for the blood of many steel companies, the national metalworking weekly observes.

The settlement will run to 41¢ an hour over a 30-month period. This includes 4¢ an hour cost-of-living raise effective immediately, which the union claimed was due because of the old contract.

Many companies must have price relief to absorb the government-dictated settlement, the magazine says.

It says that it is unlikely that any increases will exceed $5 a ton, and it is more likely that they may run less than $4 a ton. If some medium or smaller sized companies raise their prices more, the competitive situation will bring them into line.

Just when prices will go up is uncertain, but the magazine looks for some increases soon. In any case, they will come.

Commenting on the strike aftermath, the magazine says the settlement leaves some scars. Although administration sources referred to the settlement as voluntary," this is stretching it a little. The politicians took over some time ago.

The metalworking weekly says company and union relations are less bitter than they were a few weeks ago, but there is a lot of "healing" to be done before the next contract time in June, 1962.

The "Iron Age" says David J. McDonald, USWA President, again went over the heads of negotiators and reached the major framework of the agreement with the heads of the eleven negotiating companies.

Missionary work and steering on the framework and policy was carried out in Washington by the top executives of the three major producers.

On cold-blooded analysis, the magazine says, the union, through government help, scored a major victory. the companies, under government pressure, lost their battle along major fronts. The well-publicized local practices hassle is being settled along the lines the union argued.

The end of the negotiations, which also ended the threat of a renewed strike Jan. 26, brought relief to steel users, but no immediate easing in steel supplies.

However, the assurance of full shipments brought an easing of tension and was reflected in some developments in the premium price market. One indication was cancelling of at least one conversion deal by a major automaker.

**Steelmakers to Operate Furnaces At 95% of Capacity in First Half**

Steelmakers will operate their furnaces at an average rate of 95% of capacity during the first half, "Steel" predicted.

The metalworking weekly predicted they will pour about 70 million ingot tons and ship about 51 million tons of finished steel to customers.

Record shipments of sheets, hot rolled bars, tin plate, and stainless steel are on tap. Demand for plates will be strong, too, but shipments probably won't match those of 1957. That year, steelmakers pulled out all the stops by making plates on sheet mills. This year, there is too much demand for sheets.

Prospects for continued high production and shipments in the second half — and especially the fourth quarter—depend in part on consumer inventory policies. Market analysts wonder whether users will stop building when they get to 20 million tons (about the right size for the expected level of business activity) or carry accumulation too far, as they've done so often in the past.

It looks like steel consumption this year will reach an all-time high of 85 million tons—surpassing the 83 million tons used in 1957. There will be record production of 130 million ingot tons (vs. 93.3 million last year and 117 million in 1955—the industry's top year) and record shipments of at least 93 million tons (vs. 67 million last year, 84.7 million in 1955).

The ingot rate last week climbed 1.9 points to 95% of capacity although operations were somewhat curtailed New Year's Day. Production was about 2,690,000 ingot tons.

More steel was produced in December than in any other month in history. "Steel" estimated output at about 11.8 million tons. The previous record was 11.6 million tons in May, 1959.

Scrap prices continue to mark time. "Steel's" price composite on steel-making scrap stayed at $41.33 a gross ton last week. A year ago, it was at $39.67.

A "Steel" survey indicates that component buyers will spend the first quarter plugging the holes in their inventories of castings, fasteners, forgings, stampings, motors, gears, screw machine products, and other parts. While the general inventory picture shows 76% of reserves are good for 30 days or more, 80% of the purchasing agents report imbalances.

Buying for late winter and spring has begun. If the steelworkers stay on the job, it will take an average of three months to erase the inequities.

Gross metalworking sales reached a record $145 billion in 1959 despite the long strike in the steel industry in the last half, "Steel" reported. Sales in the first half were at an annual rate of $150 billion. The 1959 record is 18.5% above the 1958 recession year level and 2.7% above the previous record set in 1957.

**World Steel Output Up 8% in 1959**

World steel production in 1959 was 8% above 1958's. Free World countries and the Iron Curtain bloc shared the increase and maintained their relative positions in the world's output, "Steel" magazine said on Jan. 2.

The metalworking weekly estimates world production at 319,592,000 tons vs. 295,886,701 tons in 1958. The record: 321,192,336 tons in 1957.

Free World steel output of 226,387,000 tons was 71% of the total. It was up 16,619,099 tons. Iron Curtain countries produced 93,205,000 tons, up 7,086,200 tons.

In spite of the steel strike, the U. S. led the 39 steel producing countries of the world in 1959. Its output of 93.3 million tons (up 8,045,115 tons) was a fraction more than the total for all Communist countries and 29.2% of the world total.

The USSR was second with 65,800,000 tons, up 4,953,000 tons; West Germany (including the Saar), third with 30,885,000 tons, up 1,956,200 tons; Great Britain, fourth with 20,500,000 tons, down 1,412,600 tons; and Japan, fifth with 17,650,000 tons, up 4,291,200 tons.

These 27 Free World countries had gains: U. S., Japan, Canada, Australia, Sweden, Austria, India, South Africa, Brazil, Spain, Yugoslavia, Mexico, Norway, Chile, Denmark, Switzerland, Finland, Turkey, Taiwan, Colombia, Southern Rhodesia, South Korea, West Germany, Italy, Belgium, Luxembourg, and the Netherlands Great Britain, Argentina, and France showed declines. Pakistan had no change.

Seven of the eight Iron Curtain countries increased their output: USSR, China, Poland, Czechoslovakia, East Germany, Hungary, and Bulgaria. Rumania was down.

**Steel Output Based on 95% of Jan. 1, 1960 Capacity**

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *168.5% of steel capacity for the week beginning Jan. 4, 1960, equivalent to 2,707,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *169.7% of capacity and 2,726,000 tons a week ago. [ED. NOTE: The strike in the steel industry which began July 15 was ended by mutual agreement on Tuesday, Jan. 5.]

Actual output for the week beginning Dec. 28 was equal to 96.3% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast, based on Jan. 1, 1960 capacity of 148,570,970 net tons, is 95%.

A month ago the operating rate (based on 1947-49 weekly production) was *170.1% and production 2,732,000 tons. A year ago the actual weekly production was placed at 2,085,000 tons, or *129.8%.

*Index of production is based on average weekly production for 1947-49.

**January Car Output to Be 42% Above 1959 Month**

A bright 6% above plan was the December production report for the auto industry which boosted its U. S. car output to 492,000 completions from an originally scheduled 463,000.

"Ward's Automotive Reports" credited the increase entirely to lightening resumption by strike-hit GM Corp. and said the industry, now back in full production stride, is programming another 42% jump in its operations to 697,500 units in January, the highest January on record.

The statistical agency estimated December U. S. car building at 211,000 for General Motors, or 42.9% of industry, 166,500 for Ford Motor Co. or 33.8%, and 60,800 or 12.4% for Chrysler Corp., which was idled two weeks. American Motors and Studebaker-Packard added 40,400 and 13,300 units, or 8.2% and 2.7%, respectively.

The industry's 492,000 December output was 93% above November and within 3% of October. Result was a strike-hit fourth quarter total of 1,254,000 than ran 8.4% under the 1,369,700 in the like period of 1958.

"Ward's" said the 697,500 car output planned for January, rivaled only by the 659,508 in January of 1955, would mean widespread use of second assembly shifts and overtime throughout the industry and finds Chrysler Corp. targeted for a 2½-year high of 113,000 cars.

Compact cars, it is predicted, will figure into 149,000 or 21% of January production. The conventional size Ford, Chevy, Plymouth models are tagged for 46.6%, the eighth medium-price brands 28.8% and the high-price field 3.2%.

In recapping car production activity, for week ended Jan. 2, "Ward's" said a Saturday work program at nine Ford Motor Co. plants raised output to about 111,324 units or 8% above last week.

All other plants suspended assembly operations at least by noon Thursday because of the New Year's holiday and did not resume until Monday, Jan. 4.

"Ward's" estimated calendar year, 1959, car and truck production by U. S. manufacturers at 6,703,609 units or 30% above combined output in 1958. This figure includes 5,581,151 passenger cars and 1,122,458 trucks. The estimated car total represents a 32% improvement over 1958 and truck production increased by 29%.

**1959 Carloading Show Gain of 2.5% Above 1958**

Loading of revenue freight on Class I railroads totaled 30,990,638 cars in 1959, the Association of American Railroads announced. This was an increase of 764,428 cars or 2.5% compared with 1958 but a decrease of 4,409,510 cars or 12.7% below 1957. Loadings in the week of Dec. 26, which included the Christmas holiday were 468,752 cars. This was 146,613 cars or 23.8% below the previous week.

**Intercity Truck Tonnage Was 7.5% Ahead of 1958 Week**

Intercity truck tonnage in the week ended Dec. 26, was 7.5% ahead of that of the corresponding week of 1958, the American Trucking Associations, Inc., announced. Truck tonnage was 32.3% below that of the previous week of this year. This week-to-week decline is closely in line with the seasonal pattern reflected for Christmas week during past years.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

**Electric Output 8.6% Above 1959 Week**

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 2, was estimated at 13,425,000,000 kwh., according to the Edison Electric Institute. Output was 76,000,000 kwh. above that of the previous week's revised total of 13,349,000,000 kwh. and showed a gain of 1,061,000,000 kwh., or 8.6% above that of the comparable 1959 week.

**Lumber Shipments 24.7% Above 1958 Week**

Lumber shipments of 461 mills reporting to the National Lumber Trade Barometer were the same as production during the holiday week ended Dec. 21, 1959. In the same week new orders of these mills were 17.7% above production. Unfilled orders of reporting mills amounted to 40% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days' production at the current rate, and gross stocks were equivalent to 47 days' production.

For the year-to-date, shipments of reporting identical mills were 1.2% below production; new orders were 0.3% below production.

Compared with the previous week ended Dec. 19, 1959, production of reporting mills was 29.0% below; shipments were 23.0% below; new orders were 26.0% below. Compared with the corresponding week in 1958, production of reporting mills was 1.8% above; shipments were 24.7% above; and new orders were 11.6% above.

**Business Failures Rise**

Commercial and industrial failures rose to 226 in the week ended Dec. 31 from 195 in the preceding week, reported Dun & Bradstreet, Inc. This upturn, unusual in the week between the Christmas and New York Holidays, lifted casualties considerably above the 169 in the comparable week last year and the 203 in 1957. However, 10% fewer concerns failed than in the similar week of prewar 1939 when the toll was 250.

Failures involving liabilities of $5,000 or more increased to 200 from 176 a week earlier and 145 last year. Small casualties, those with liabilities under $5,000, took an upward turn also, rising to 26 from 19 in the previous week and 24 in the corresponding week of last year. Twenty-six of the failing businesses had liabilities in

excess of $100,000, as against 29 in the preceding week.

Retailing casualties climbed to 111 from 84, while manufacturing edged to 42 from 38, and commercial service to 19 from 17. The toll among construction contractors held steady at 37, and the toll among wholesalers dipped to 17 from 19. Considerable increases from last year's level were noted in manufacturing, retailing and construction. But, slight declines from a year ago prevailed in wholesale trade and service.

Geographically, the week's rise was concentrated in four regions: the Middle Atlantic States, up to 76 from 60; the West North Central, up to 7 from 3; the South Atlantic, up to 27 from 12; and the Pacific, up to 53 from 51. Contrasting dips appeared in the New England and East North Central States, while there was no change in the South Central and Mountain regions. In six of the nine major areas, casualties ran heavier than a year ago, with the sharpest upturns in the Middle Atlantic and South Atlantic States.

### Wholesale Food Price Index Up Fractionally From Prior Week

There was a fractional rise this week in the wholesale food price index, compiled by Dun & Bradstreet, Inc., following three consecutive declines. On Dec. 29 the index rose 0.2% to $5.74 from $5.73 of a week earlier, which was the lowest level since that of April 18, 1950. The current index was 9.6% below the $6.35 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were flour, wheat, corn, rye, oats, beef, hams, bellies, lard, cottonseed oil, eggs, potatoes and hogs. On the down side were butter, cheese, sugar, coffee, cocoa, raisins, and steers.

The index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

### Post-Christmas Sales Promotions Spur Trade

An upsurge in shopping on the day before Christmas and a favorable response to post-Christmas sales promotions over the weekend helped over-all retail trade in the week ended Dec. 30 climb appreciably over a year ago. The most noticeable year - to - year gains occurred in women's apparel, furniture, television sets, housewares, and linens. Scattered reports indicate that sales of new passenger cars rose moderately from a week earlier as dealer stock expanded.

The total dollar volume of retail trade in the week was 4% to 8% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: New England, Middle Atlantic, and Pacific Coast +6 to +10; Mountain +5 to +9; West North Central and South Atlantic +4 to +8; East North Central and East South Central +2 to +6; West South Central 0 to +4.

The day before Christmas apparel retailers reported the most noticeable year-to-year gains in women's fashion accessories, lingerie, sportswear, and girls' merchandise. After the holiday best-sellers were women's dresses, cloth coats, and suits. Interest in men's apparel remained moderately over a year ago throughout the week, with principal gains in sportswear, furnishings, and suits. Increases over last year were more noticeable in women's apparel than in men's merchandise.

Volume in household goods during the week was considerably higher than the similar 1958 week. Before Christmas shoppers were primarily interested in lamps, gifts, and housewares. Afterwards the most substantial year - to - year gains occurred in furniture, television sets, and hi-fis ets. Purchases of floor coverings and draperies showed slight increases from last year, and the call for linens was up considerably.

The usual post-Christmas decline in food sales occurred, but volume was up somewhat from a year ago. Grocers reported the most noticeable gains in frozen foods, dairy products, and fresh meat.

With their stocks low in this post - Christmas week, retailers stepped up their reorders for women's winter apparel in preparation for January sales promotions. Buyers were primarily interested in women's dresses, sweaters, cloth coats, suits, and furs. Volume in girls' winter apparel moved up appreciably. There was a moderate rise in the buying of men's furnishings, particularly dress shirts, neckwear, and socks. Interest in men's winter suits and topcoats was sluggish, but the call for boys' clothing moved up slightly.

Increased trading in print cloths, broadcloths, and sheetings helped over-all volume in cotton gray goods edge up from a week earlier; volume was moderately higher than a year ago. Interest in industrial fabrics and man-made fibers advanced again from the prior week, and most mills expect steady gains throughout most of 1960. While transactions in woolens and worsteds expanded somewhat in Boston, interest in carpet wool showed no change from a week earlier. Trade in burlap was sluggish through most of the week.

There was a slight rise in wholesale buying of furniture this week, with principal gains in bedding and occasional tables and chairs. Chicago wholesalers expect marked gains in January in sales of furniture, floor coverings, lamps, major appliances, and draperies. Purchases of dinnerware at the Atlantic City show are expected to be well ahead of a year earlier in the coming weeks. The usual holiday lull prevailed at most wholesale markets of household goods this week.

There was an appreciable dip in trading in canned goods this week, and wholesale stocks in some lines, especially citrus juices, were noticeably higher than a year ago. While the call for poultry and butter dipped from a week earlier, volume in eggs, fresh meat, and cheese was steady. Purchases of flour and sugar slackened, but sales of rice matched those of a week earlier.

## Schweickart & Co. Absorbs Hoffman

Schweickart & Co. and Wm. P. Hoffman & Co. have consolidated under the name of Schweickart & Co., 26 Broadway, New York City. The firm is a member of the New York Stock Exchange and other leading exchanges.

Warren F. Winter, Theodore A. Winter, Jean M. Golashesky and Frederick M. Jost have become partners in Schweickart & Co.

## Craigmyle, Pinney To Admit Two

Craigmyle, Pinney & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, have admitted Joseph F. Guiton and Ronald M. Craigmyle, Jr. to partnership.

### With Shearson, Hammill

Michael A. Sidel and Arthur A. Fischer have become associated with Shearson, Hammill Co. as registered representatives in the 150 East 42nd treet, New York City office.

# Higher Interest Rates Are In Prospect for 1960

*Continued from page 3*

nancing has been supported by a strong surge of funds into savings and loan associations, by a sharp rise in mortgage financing on the part of the commercial banks and by greatly expanded government programs. Building and construction provided a ready outlet for investment funds in 1959 and this contributed to a rise in bond yields in the face of a reduced supply of new bond issues.

In the area of short-term credit, consumer credit, which had virtually levelled off in 1958, rose sharply in 1959, the increase being exceeded only by the rise in the record automobile year, 1955. Bank loans to business, both corporate and noncorporate, also showed a large increase. Finally, the publicly - held debt of the Treasury and Federal agencies increased by some $11 billion—the largest increase in any year since World War II. For a variety of reasons, including the unwillingness of Congress to change the 4¼% ceiling on Treasury bond issues, the great bulk of this tremendous increase in government debt was necessarily concentrated in short-and medium-term maturities.

**Credit Policy**—Although it has been popular in some quarters to blame the Federal Reserve for the sharp rise in interest rates from April to September, a look at the record does not substantiate this thesis. The reserve position of the commercial banks tightened in the first half of the year, when net borrowed reserves rose from $100 million to $500 million, and the level of member bank borrowings rose to about $1 billion. However, credit conditions did not tighten thereafter; since midyear, net borrowed reserves have fluctuated between $400 and $600 million and member bank borowings between $800 million and $1.1 billion. However, during most of 1959, the amount of total reserves has been running somewhat larger than in the comparable period in 1958.

Thus, the Federal Reserve has not prevented an expansion in bank earning assets and in the money supply. Total loans and investments, the measure of the amount of credit provided to the economy by the banking system, have recently ranged from 3% to 5% above the corresponding months of last year, while the money supply (demand deposits adjusted and currency outside banks) has been showing increases, in comparison with 1958, of about 3% to 4%. In fact, both of these totals have been exceeding the comparable months in 1958 by percentages that are in line with or above the average rate of physical growth of the American economy.

The growth in bank earning assets in 1959 resulted from an unusually large increase in bank loans. Loans are expected to show a rise of more than $10 billion, second only to the rise of $12 billion in 1955. Since the Federal Reserve quite appropriately provided only limited amounts of additional reserves, the commercial banks have been under pressure to lighten their holdings of Government securities, in order to make way for loans. Consequently, bank holdings of Treasury obligations will show a large decline of $6 to $7 billion in 1959, and losses on sales of securities will also be large.

Perhaps the outstanding achievement of credit policy in 1959 is that these tremendous credit demands were met with only a relatively small rise in the money supply. A record peace-time increase in the Treasury debt was financed at the same time that the commercial banks were large sellers of Treasury obligations. This was facilitated, it is true, by the fact that business corporations had funds available for short-term investment in Treasury obligations, since their tax accruals were larger than their tax payments. More important, however, was the fact that interest rates on Government securities reached levels in 1959 which made them attractive to nonbank investors, including individuals and foreign holders of dollar balances. These nonbank buyers absorbed, in addition to the securities issued to finance the deficit, the large volume of Government securities sold by the commercial banks. Without the acquisitions of these investors, the increase in the money supply would have been much greater. Such a development would have been directly counter to one of the established principles of central bank credit policy, namely that restraint should be placed upon the increase in the money supply in a period of business expansion.

### The Outlook for Business Activity And Interest Rates

Looking ahead, the crucial question is whether the turning point of interest rates has already been passed. The crux of an appraisal of the credit outlook is the future course of business activity. A basic assumption underlying this forecast is that we do not face a progressive worsening in the labor situation, first in one industry and then in another, that will prevent any significant expansion in aggregated business activity in 1960.

Provided such interruptions do not materialize, current prospects are for a significant rise in business activity in the year ahead. It is likely that inventories will be accumulated on a large scale during the year as a whole; the volume of automobile sales promises to be good; business spending on plant and equipment will expand vigorously; the level of building and construction in the aggregate will remain high; spending by state and local governments will rise further; and exports will show an increase. Industrial production and the dollar output of goods and services in 1960 will both reach new highs.

These business expectations do not add up to any weakening in interest rates. The peaks in interest rates normally occur coincident with, or subsequent to, the turning point in business activity. With the probable cyclical peak for this business expansion at least a year away, it would be most unusual for the highs in interest rates to have been reached last September.

Those who believe the turning point of interest rates has already been passed generally cite, as a major argument in support of their position, the virtual certainty that aggregate credit demands will decline significantly in 1960, since the Treasury will not be the big borrower next year that it was this year. Nevertheless, even though aggregate demands for funds will undoubtedly be lower in 1960 than in 1959, other considerations suggest that the odds favor continued tight credit and higher rather than lower interest rates in the months ahead. These are: the prospect that credit demands in the private sectors of the economy will remain high; the fact that commercial banks are already relatively fully loaned; the probability that a major easing in credit policy will be inappropriate for some time ahead; the continuing problems faced by the Treasury in its management of the debt so as to avoid undesirable shortening; and the prospect that interest rates will rise in foreign financial centers. Each of these points warrants comment.

### Credit Demands in 1960

Credit demands, excluding the Treasury, are likely to remain high in the aggregate and in some sectors may even mount significantly in 1960. The economic prospects outlined for 1960 imply increasing credit requirements from the business sector of the economy. Despite the large generation of funds from rising profits and depreciation allowances, corporate requirements for outside financing rose sharply in 1959. Although the internal generation of funds will probably rise further in the new year, corporations will probably need an even larger volume of outside funds to finance increased spending on plant and equipment and larger working capital requirements. The latter will reflect additions to inventories and increases in receivables. The rise in corporate profits is likely to slow down; furthermore, the lag between tax accruals and tax payments, which operated to increase corporate liquidity in 1959, will diminish, so that less funds will become available from this source in 1960. Thus, corporate demands for bank loans and for long-term debt and outside equity capital, which totaled some $9 to $10 billion in 1959, may rise to about $12 billion in 1960.

Borrowing by state and local governments is likely to be fully as large in 1960 as it was in 1959. This is attested by the continuing large demands for public facilities, by the unusually large volume, for an off-year election, of issues approved last November, and by the fact that, excluding the proposed New York City bond issue, the percentage of issues approved in the November elections was also unusually high. Rising tax rates and higher interest rates do not appear to be important deterrents to a continuing high level of state and local government expenditures and borrowing.

In the long-term credit area, the residential mortgage sector alone seems likely to register a smaller increase in the year ahead. Housing starts have declined recently from the high levels that prevailed during most of 1959. The important point, however, is that the smaller rise in mortgage debt in prospect for 1960 will reflect a decrease in the funds available for mortgage investment, rather than a general weakening of the market for houses. The commerical banks will probably put as much as $3¼ billion into real estate mortgages in 1959; they may cut back importantly in 1960 in order to meet the needs of other borrowers. Savings and loan associations and mutual savings banks, major factors in the real estate mortgage market, are expected to have somewhat smaller amounts available for investment in 1960. These prospects suggest that competition for investment funds will not be lessened as a result of the reduced volume of mortgage financing in 1960.

Demands for short-term credit, exclusive of Treasury demands, are likely to show an increase in 1960. The larger amount of external financing in prospect for corporations will make for continued active corporate demand for bank loans, especially since the current emphasis upon spending for equipment and for modernization, rather than for large additions to capacity, together with the cost of long-term debt financing, may induce corporate treasurers to use bank credit, where possible, in preference to long-term financing. Also, assuming that the early signs of a good automobile year are confirmed by a continuing high volume of sales, it is reasonable to expect that 1960 will show another large increase in consumer credit. In-

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dividuals are evidencing a strong propensity for going into debt.

**The Banking System**

The outlook is for a continuing active demand for bank loans in 1960. During the postwar period, bank loans have risen steadily, with business recessions bringing no more than a temporary pause in their upward trend. The big rise in loans and the liquidation of government securities in 1959 have worked significant changes in the ratios of many commercial banks. The commercial banks now hold a higher percentage of their assets in loans than at any time since the early '30s. Also, the ratio of capital funds to risk assets, which has been declining steadily over the past 15 years, is now at an all-time low. Consequently, bank managements are finding it necessary to make more careful appraisals of their lending policies and to reduce their aggressiveness in the solicitation of loans.

This does not mean that all the commercial banks are fully loaned and that the commercial banking system has reached the limits of its lending power. Undoubtedly, the commercial banking system still has sizable lending potentialities, but the considerations to which bank managements must give attention in the establishment of their lending and investing policies certainly operate against any reduction in lending rates or any liberalization of lending policies; in fact, the underlying pressures would seem to be in the opposite direction.

It seems reasonable to assume that the Federal Reserve will continue to follow a flexible credit policy which would dictate that the rise in the money supply be restrained in a period of business expansion. On this premise, the commercial banks will probably continue under pressure to lighten their holdings of Treasury obligations during the coming year. With bank holdings of short-term Government securities significantly reduced as the result of the heavy liquidation in 1959, losses on further liquidation will be substantial and may be expected to be a further deterrent to aggressive lending.

This combination of record levels of loans, relatively high percentages of loans to assets, historically low ratios of capital funds to risk assets, the prospect of additional large loan demands, and continued pressure upon the banks to liquidate Treasury obligations does not augur for lower interest rates.

**Credit Policy**

Recent experience indicates that the Federal Reserve may be trying to reduce the time lag between changes in the business situation and changes in credit policy. Nonetheless, it is safe to assume that the Federal Reserve is fully cognizant of the real risks involved in basing credit policy upon forecasts of economic conditions likely to prevail several months in the future. In any event, as long as the current business situation has so many potential elements of strength, and the cyclical peak seems to be some time away, the Federal Reserve may be expected to continue its policy of credit restraint. More conclusive evidence of an impending business downturn will be required before a basic shift in credit policy is undertaken.

The nature of the wage settlements that will be reached in steel and other important industries, the resulting price adjustments and the effects upon business psychology doubtless will have an impact upon conditions in the credit markets. Large wage increases, followed by higher prices, would mean enhanced demands for credit and would suggest the need for a more restrictive credit policy, especially if this combination should contribute to a resurgence of inflation psychology. Contrariwise, modest settlements involving no increases in prices and carrying the prospect of increased labor productivity, could mean somewhat smaller credit demands and might lead to a somewhat less restrictive credit policy. The final settlements probably will not be either of these alternatives. A more probable outcome is that the wage settlements will lead to some upward pressure on industrial prices, which would underwrite the probability of the Federal Reserve continuing to keep a fairly tight rein on credit.

**Treasury Financing Requirements**

The role of the Treasury in the credit markets will be strikingly different in the new year. In 1959, the Treasury was a very large borrower, whereas in 1960 the outstanding debt of the Federal Government is expected to show no net increase and could show a small decline. The actual results will depend upon the course of business and upon actions by the forthcoming Congress.

The heavy new money borrowing and refinancing operations of the Treasury in 1959 contributed significantly to the upward pressure on interest rates, especially in the short- and medium-term maturities. Twice in the early months of the year, the Treasury sold a small amount of long-term bonds but, as market yields on bonds advanced above the 4¼% ceiling on new issues, the Treasury found it impossible to sell bonds and limited its remaining offerings to maturities under five years. The resulting congestion served to push up interest rates in those maturities, particularly.

Looking ahead to 1960, the fact that the outstanding Treasury debt is not expected to show a net increase during the year does not mean that the Treasury faces no problem in the area of debt management or that these operations will have no important effects upon the credit markets. Some $48 billion of marketable Treasury securities, excluding weekly and tax anticipation bills, mature and will require refinancing. In addition, the Treasury will need to make substantial cash offerings; in the first half of the year, to cover attrition on maturing marketable issues, redemptions of savings bonds, and part of the maturities of the tax anticipation issues; and in the second half of the year, to cover, in addition to these, the seasonal deficit.

In 1960, as in 1959, the Treasury faces the problem of trying to avoid a progressive shortening of the maturity on the outstanding debt due to the operation of the calendar. In 1959, outstanding marketable issues with maturities of one year or less rose from $73 billion at the beginning of the year to an estimated $80 billion at the end of the year, a record high. During 1960, an additional $20 billion of marketable securities outstanding will move into the one-year range.

There are no exact standards for determining the appropriate volume of short-term government obligations that should be outstanding. The needs of the economy for liquid assets — met in part by short-term Treasury obligations are substantial. Nevertheless, a large increase in short-term Treasury debt in a period of business expansion contributes to economic instability—it adds to the liquidity of the economy, it poses problems for the Federal Reserve in the administration of credit policy, and it confronts the Treasury with the problem of frequent recourse to the financial markets. If the Treasury were to rely exclusively upon the sale of marketable securities with a maturity of 1 year or less during 1960, these maturities would total $100 billion or more by the end of the year. Judged by any reasonable criterion, the amount of short-term Treasury debt would become dangerously excessive if the Treasury were to rely exclusively upon the use of short-term obligations. The Treasury has no alternative but to press the sale of longer maturities, consistently and vigorously, by offering coupon rates high enough to attract buyers.

The 4¼% ceiling on new bond issues effectively limits Treasury offerings to maturities of five years or less, as long as bond yields are at present or higher levels. The necessity of staying within a five-year maturity on new offerings will create problems for the not-too-distant future by concentrating a large and growing portion of the Treasury debt in fairly near-term maturities. Thus, if the Treasury is unable to issue securities with maturities of longer than five years, the percentage of the marketable debt within the five-year maturity range will increase from about 75% at the end of 1959 to about 79% by the end of 1960.

In order to forestall this progressive concentration of the debt in securities of relatively short maturity, the Treasury has been urging the Congress to remove the 4¼% ceiling. The Treasury desires and needs freedom of action to issue longer term securities, either by new offerings or by refunding outstanding issues in advance of maturity. Whether Congress will accede to the Treasury's request in the forthcoming session is anyone's guess. If it does not, the Treasury will be forced to press the sale of issues with maturities as close to five years as possible, with concentration of upward pressure on interest rates in these maturities. Relaxation of the interest ceiling would permit greater flexibility in financing practices and could very well mean a lower average cost of Treasury financing. Regardless of the particular financing techniques that are used, the progressive shortening of the Treasury debt cannot be permitted to continue unchecked. It is difficult to conceive a solution to this problem that does not involve upward pressures upon interest rates, at least in some section of the yield curve.

**Interest Rates Abroad**

In 1959, the American credit markets benefited from the fact that interest rates in the international credit markets were either declining or on a substantial plateau. With interest rates higher in this country than abroad, foreigners found it attractive to keep large amounts of dollars in the United States in time deposits early in the year and, as market rates rose, in short-term Treasury securities and other money market instruments. There is no doubt that interest rates would have risen even further in 1959, had it not been for this lodging of foreign holdings of dollar assets in the American market. These holdings have been growing at a record rate during 1959.

Interest rates in foreign markets will probably rise in 1960. Business activity is expanding vigorously in Europe; signs of incipient booms are reported in some countries; interest rates have stopped declining and, in several European countries, have been rising in recent months. A continuation of these trends would, of course, reduce the attractiveness to foreigners of leaving funds in the American market. And the withdrawal of substantial amounts of funds from the United States, should it develop for any reason, would quite naturally put interest rates here under upward pressure. To a greater extent than in the past, conditions in other world financial markets will have their impact upon the American market.

**Implications for Interest Rates**

In conclusion, therefore, if the underlying assumptions regarding business activity in 1960 prove reasonably accurate, interest rates are more likely to rise than to decline and, for most sectors of the market, the peaks of interest rates for the current expansion period still lie ahead. Large credit demands from the private sector of the economy, the high level of bank loans and further demands to come, the continuing effort of the Treasury to slow down the shortening of the debt, the prospect for the continuation of credit restraint, and the upward trend of business activity and interest rates abroad, all indicate higher, rather than lower, interest rates.

It is true that, when Treasury demands are included, aggregate credit demands in 1960 will be lower than in 1959, but this does not mean that interest rates are likely to soften. While historical analogy often is misleading, it is worth pointing out that aggregate credit demands in 1956 were significantly lower than in 1955, due to an improvement in the fiscal position of the Treasury and to some decline in mortgage financing, but interest rates averaged significantly higher in 1956 than in 1955. By the same token, they may well average higher in 1960 than in 1959.

Ordinarily, credit pressures build up progressively with business expansion, due to the cumulative effects of rising economic activity upon business liquidity and upon the condition of the banking system. In view of the substantial increases in all categories of interest rates that have already occurred since mid-1958, and the widespread anticipation of higher rates that has prevailed during much of the past 18 months, it would seem reasonable to conclude that the greater part of the rise of interest rates for this business expansion is already behind us.

**Credit "Crisis"?**

During the period of credit pressure a few months ago, there was some talk of an "impending credit crisis." There was no reason to expect a crisis at that time, and none materialized. Interest rates rose, but rising interest rates are not necessarily evidence of a crisis; the financial markets continued to operate normally and there was no widespread calling of loans or scramble for liquidity, the customary hallmarks of real trouble in the credit markets.

There is little reason to expect this kind of serious trouble in the credit markets in the months ahead. Of course, the best way to avoid trouble is to avoid the excesses that breed trouble. This is achieved by keeping a reasonably tight rein on credit when business is expanding and optimism is widespread, thus preventing such overextensions of short-term credit as have, in the past, culminated in credit pressures and forced liquidation. It is difficult to find evidence of these types of credit excesses in the present situation, and the tightness of credit provides important safeguards against overexuberance in the extension of short-term credit in the period ahead. Furthermore, the Federal Reserve has substantial powers to cope with untoward developments.

Looking down the longer road, if there is any reason for concern as to conditions in the credit markets, it probably lies in the political area. Should the sponsors of chronic easy credit and perpetual low interest rates gain the ascendancy in the 1960 elections, after a campaign in which extreme positions were taken and promises made, confidence in the dollar would be impaired, both at home and abroad. Widespread loss of confidence in the dollar would have serious repercussions upon our monetary and credit structure. It is of utmost importance that wise counsel prevail. The responsible leaders of both political parties should proclaim their determination to safeguard the dollar — and back up their words with necessary and appropriate action.

*An address by Dr. Reierson before the 9th Alumni Dean's Day Homecoming, School of Commerce, Accounts and Finance, New York University.

**Interest Rates and Bond Yields**

(Per Cent)

| | 1928 Annual Average* | Peak in 1957 | Beginning of 1959 | Peak in 1959 (Sept.) | Current (Dec. 1) |
|---|---|---|---|---|---|
| Discount (NYFRB) | 4.50 | 3.50 | 2.50 | 4.00 | 4.00 |
| Commercial paper (4-6 mos.) | 4.85 | 4.125 | 3.25 | ‡4.875 | 4.875 |
| Prime commercial loans | 4¼-5½ | 4.50 | 4.00 | 5.00 | 5.00 |
| Treasury bills, 3 months | 3.97 | 3.66 | 2.69 | ‡4.501 | 4.501 |
| Treasury 9-12 month issues | --- | †4.06 | 3.04 | 4.96 | 4.92 |
| Treasury 3-5 year issues | --- | †4.04 | 3.71 | 4.90 | 4.85 |
| Long-term Treasury bonds | 3.33 | †3.76 | 3.83 | 4.31 | 4.20 |
| Corporate bonds, AA: | | | | | |
| Outstanding (Moody's) | 4.71 | 4.31 | 4.19 | ¶4.77 | 4.69 |
| New utility issues | 4½-5 | 5.00 | 4.44 | 5.625 | 5.15 |
| Municipal bonds (Bond Buyer) | 4.04 | 3.57 | 3.40 | 3.81 | 3.55 |
| VA mortgages | --- | 4.50 | 4.75 | 5.25 | 5.25 |
| FHA mortgages (1-4 family) | --- | 5.25 | 5.25 | 5.75 | 5.75 |

*Figures shown for prime commercial loans are the range of prevailing rates charged borrowers by New York City banks (Federal Reserve). Figures shown for new utility issues are estimated range during year. Treasury issues were partially tax-exempt. Yield shown for Treasury bills covers 3- to 6-month Treasury notes and certificates.

‡ High reached in November. † Weekly average. ¶ High reached in October.

# M. A. Lomasney Offers Mohawk Debs. & Common

Mohawk Business Machines Corp., a Maryland Corporation, is offering $600,000 of 6% ten-year subordinated convertible debentures (due Nov. 1, 1969) and 30,000 shares of common stock (40c par value), through Myron A. Lomasney & Co., underwriter.

Mohawk will use $150,000 of the proceeds to pay up present indebtedness. Of the remainder, approximately $305,000 will be allocated to purchase tools, dies, jigs and inventory for a new battery-operated recorder, as well as test equipment and materials needed to make additions to leasehold and other improvements necessary for the general expansion of the company, products and facilities. Other new equipment plus an allowance for advertising and promotion is also included in this figure. The balance of funds will be used for additional working capital.

Mohawk, maker of the "midgetape" miniature tape recorder, was one of the first companies in the electronics field to specialize in the manufacture and sale of magnetic tape recorders. In 1952, they introduced a versatile message repeating unit which is being adapted for new commercial and industrial applications.

# Norman Mann Partner in Reich & Co.

Norman Mann has been admitted to partnership in Reich & Company, 29 Broadway, New York City, members of the American Stock Exchange. Mr. Mann has been associated with the firm for some time in the over-the-counter department.

# How Can Private Business Survive Co-Existence?

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of military power by potential enemies.

What does this mean in terms of international economic obligations? Depending on the present state of our technology, it means, at least for the time being, the retention of military bases outside of the continental United States. What does it take to keep these bases? We must give the military authorities the benefit of the doubt, and whatever it takes to keep these bases we must be willing to do. This means in effect going along with the military aspects of the Mutual Security Program.

This does not mean, of course, that the business community must countenance maladministration if such is proved; it does not mean, necessarily, that every military judgment will always be correct. It does mean, however, that civilians in private life are at a disadvantage in evaluating the exact amounts and geographical distribution of military aid programs, but that in spite of it we must support it in principle. This support must be carried also to conventional military aid programs, to the extent that they are necessary to bolster our allies and friends in defense of their borders.

Secondly, our allies and friends must develop viable economic systems, through their own production and multilateral trade with the rest of the Free World, on a mutually beneficial basis. If this is not achieved, by force of necessity, they may fall into the orbit of the communist barter trading system. The nations outside the Soviet system must gradually develop productive resources which sustain their population on a tolerable basis within the framework of a community of independent nations. This is just as vital to our security as military deterrence.

In the third place, these objectives cannot be achieved without maintaining the integrity and strength of the United States domestic economy upon which, fundamentally, the strength of the Western Alliance is based. The tax base, the defense establishment, the economic aid programs depend upon the continued growth and prosperity of the United States domestic economy. This may be defined as a rate of growth of our economy consistent with increased productivity due to technological improvements, and sufficient to absorb in productive employment the annual increments to the labor force in the United States.

Finally, we must keep in the forefront of our policies, the encouragement and protection of private property and enterprise and the rights and dignity of the individual, because essentially, in the long run, this is what counts. This is where Khrushchev says he is going to beat us, and if we don't win this battle I don't know what all the shouting is about.

How do we effectuate a policy with these broad objectives. First of all, we cannot afford to be doctrinaire about the means. We must stand fast about basic principles such as national security, and the protection of Western institutions of freedom, but the means will vary with changing conditions.

### Specifies Programs

Let us apply these four principles to specific programs and see what answers we get. I have already mentioned the support of the military phase of the Mutual Security Program as necessary to achieve deterrence.

It follows, also, that if the community of free nations will survive together in a collective and interdependent system, then we must aid our less developed allies and friends in their economic aspirations.

However, in doing this we must explain that the greatest resource in the United States is the pool of savings and technological know-how in the private sector of our economy. Hence, they must make necessary provisions in their laws and policies to create an environment so that this tremendous economic resource in private hands, will help them, as partners in their economic development.

Where U. S. tax money is invested abroad, the United States Government must insist on the promotion of widespread private ownership and on the use of private channels, both native and U. S., rather than government-controlled institutions, in the competitive manufacturing sector of their economies. This means major change of policy in the Development Loan Fund and the International Cooperation Administration, as well as in the use of Public Law 480 local currency funds. Where we get into trouble in this area is with the multinational finance institutions where only questions of technological feasibility and financial integrity seem to determine the lending policies.

What about off-shore procurement vs. Buy American? At the time, after World War II, when Western European nations needed dollar exchange, off-shore procurement had the effect of giving our allies purchasing power in the United States which they used for necessary procurement of goods they could not get anywhere else. The total effect upon the United States economy was a net export of goods and services.

When the effect of off-shore procurement is to build up dollar balances, to build up foreign investments in our equities and bonds, and to increase the liquid claims upon our gold resources, then again there must be a reexamination of the means in the light of the new conditions. Here the choice may be to cut down foreign aid, as a corrective, or to continue it on condition that technical know-how and capital goods be provided by the U. S. instead of transferring ownership of investment property at the expense of U. S. taxpayers.

Here both the second and the third principle, helping our friends while maintaining the soundness of the domestic economy, come into play. This is the basis upon which the Development Loan Fund announced a change of policy recently, at the behest of the Secretary of Treasury, with the concurrence of the President.

We must remember, however, that the purchasing power controlled by D.L.F., about $550-million, is but one-ninth of the $4½ billion deficit in U. S. payments last year.

On the other hand, this reexamination should not go so far as to pull down our allies' balances in the United States to the point where their recently achieved convertibility of currencies would be seriously jeopardized. United States business, therefore, can legitimately ask the United States Government now to reexamine its off-shore procurement policies, to stabilize the short-term claims upon the United States economy, without, however, going so far as to weaken the financial position of our allies. This is the concept of interdependence applied to very crucial issues, and requires a high order of enlightened statesmanship, for the strength of the United States economy is just as vital to the protection of our allies, as their continued economic progress is to us in the United States.

### Trade Difficulties

Where we have the greatest difficulty is in trade policy. Obviously our allies must live by production and trade, otherwise Japan may be thrown into the arms of Communist China, and England and West Germany, may perforce have to orient their trade toward the Soviet bloc. On the other hand, a trade policy the net effect of which is to reduce the rate of growth in the U. S. economy, will require a serious reexamination in the light of financial, economic, and technological developments here and abroad. Obviously the best trade policy is one which results in exchange of goods and services between countries on a mutually advantageous basis. Except for capital exports, this exchange should be on equal terms.

However, our favorable balance of exports is not on the basis of mutual exchange of goods and services, but mainly is the result of the foreign aid programs, military expenditures, and private investment abroad. Increasingly other nations are able to satisfy their needs by procurement outside of the United States market; and, they are able, at the same time, to sell increasing amounts of goods at prices that under-cut United States manufacturing costs. Since, under Public Law 480, we are willing to give, or sell for local currencies, most of the agricultural goods other countries used to buy from us for hard cash, their need for dollar purchases in the United States with the proceeds of foreign aid and exports has diminished. Hence the increase in dollar balances.

Again we are confronted with the dual problem of helping our allies and friends to maintain viable economies through the foreign aid programs and sales to our market, and, at the same time, with the necessity of adopting policies that will assist the growth and expansion of our own economy.

To achieve this dual purpose, the Free World confronts the problem of developing **complementary economies**, rather than competitive economies. In the administration of all our foreign aid programs, including investments by international lending institutions, and in the application of trade policy, greater effort needs to be made to strengthen the interdependent economies of the free nations on a complementary basis.

For instance, one of the basic policies followed by the "country missions" under the International Cooperation Administration is to build industry which, on the one hand, saves foreign exchange, and on the other hand, will earn foreign exchange by exports. If each country did this, say in the field of textile manufacture (this is not a hypothetical or singular case), then you can see how much trouble some of our allies, like Japan and England, would have to make a living through the export of textiles, in order to purchase food and other staples they need in return. Soviet bloc countries will be quick enough to undetermine the economies of our allies; we needn't use American taxpayers' money to give them aid and comfort.

The creation of complementary economies among independent countries will be exceedingly difficult, particularly with endless multiplication of lending agencies, and the understandable desire of each country to become industrialized. Coordination of lending policies, both among U. S. agencies and international institutions, is much needed.

Businessmen interested in foreign investments must be cautious not to follow policies of autarchy or local self-sufficiency based upon tariff protection in each country, and must give support to regional trading areas. Industries established with the framework of regional multinational markets, are likely to be more stable and successful in the long run than small establishments within the shadow of protectionist schemes in each small country. On the other hand industries established with the view of exporting to the United States the product of low-wage labor are likely to run, in the not too distant future, against a radical change of United States trade policy.

As of now, industries within multi-national trading areas in Europe, Southeast Asia, South America, and Africa, but without the expectation of large-scale return exports of their products back to the United States, are the safest basis of investment abroad.

### Recapitulates Policies and Programs

In conclusion, therefore, we can re-enumerate the policies and programs that the U. S. business community can support in its own and in the national interest:

First, the military aspects of the Mutual Security Program to protect our strategic positions and to insure the independence of nations outside the Sino-Soviet bloc.

Secondly, insistence that U. S. taxpayers' money used in international economic programs should not encourage government ownership in the private sector, namely, the competitive manufacturing field, in any of the nations receiving our aid.

Third, insistence upon a coordination of foreign aid and lending policies, as between U. S. agencies, and with other governments and international institutions. It is a veritable Pandora box now.

Fourth, some scheme of transitional relief for industry that is hurt by our trade policy. For though some industries must be protected for national security reasons, other industries are being sacrificed to our strategic requirements abroad; and, such sacrifices cannot be at the expense of the individual, whether a person or a company, or its stockholders. The cost of defense, whether in peace or war, belongs to the country at large.

Fifth, as price competition by the Soviet bloc becomes more intensified, business must devise an institutional framework within which our private economy can operate without sustaining losses in a political struggle, which, of course, no private industry can assume. Governor Rockefeller has recommended the establishment of an Economic Defense Board, and Senator Lyndon Johnson suggests a similar organization, to re-examine our whole foreign economic policy. If these problems continue crowding us, some such approach is likely to be adopted by the government. It is my suggestion that the business community anticipate the need and be prepared to come forward with constructive suggestions to meet politically motivated communist cut-rate competition. In the field of agricultural surplus disposal, we have devised, in Public Law 480, a way of subsidizing agricultural exports, while maintaining a system of private trading; and, of course, we have subsidized air and water transport under private ownership. I do not now suggest that a two-price subsidized program is the answer to any low-wage or non-compensatory price competition. But the machinery to meet Soviet competition, while preserving private trading, should be under intensive study.

Others have suggested that Russia agree to abide by the anti-dumping provisions of the GATT Agreement. This is worth exploring. But we must keep in mind that any program that depends on the other party behaving voluntarily is vulnerable. Furthermore, the standards set by GATT, price and cost comparisons, have no meaning in relation to Russian practice.

### Other Approaches

There are a number of other possible approaches to making the U. S. private enterprise economy competitive with cut-price Russian competition:

(1) Tax incentives under the original version of H.R. 5. The stimulating effect of this will be a multiplier of the amount of taxes lost. The private capital outflow under this system is likely to result in the export of U. S. equipment, goods, and services, to a larger extent than off-shore procurement under government programs. Hence, the effect of private investments abroad on the balance of payments will be less troublesome than off-shore procurement under government plans.

(2) Tax incentives to individuals who agree to work abroad on development work, for service of specified duration; deferment of technically qualified younger employees from the draft as essential workers if they work in foreign development projects for agreed periods.

(3) Special depreciation allowances, on the part of plant capacity devoted to export, consistent with similar policies adopted by other countries. (Of course, it would be better if this revision of depreciation policy is on an overall basis, instead of confining it to exports.)

(4) Revision of anti-trust laws to permit pooling of know-how and resources of American enterprise in meeting the massive government-directed forays of Russia.

(5) Guaranties of foreign investments against non-business losses in civil strife, rebellion, and insurrection. In stimulated riots the communists have a ready and inexpensive way of scaring off U. S. private investments, and defeating our effort to develop free enterprise economies. We must not yield to them easily.

(6) The use of Public Law 480, ICA and D.L.F. local currencies to stimulate U. S. exports of capital and goods in the face of communist cut-price competition. There is at present a provision in Public Law, 480, as amended this year, that 5% of local currencies received under Title I be used to stimulate U. S. agricultural exports. This presumably is available for subsidies to trade promotion activities in agriculture. But the subsidies provided under Public Law 480 are paid by all taxpayers, and the trade competition is just as severe, and will became more so, in all lines of production and export abroad, as in agriculture. Therefore, there is no insurmountable question of principle involved. The real problem arises in administration, to make it equitable as between competitors, both U. S. and foreign. But if the cut-price competition of the Communist bloc becomes ruinous, some means must be found to use this tremendous pool of local purchasing power to overcome the handicap of private business against state trading, and to preserve our free enterprise system at home and abroad.

*An address by Dr. Danielian before the International Section of the New York Board of Trade, New York City.

## Ogus Forms Firm

WASHINGTON, D. C. — Walter Ogus Planned Investments, Inc. has been formed with offices at 1420 K Street, N. W. to engage in a securities business. Officers are Walter Ogus, President and Treasurer, and Theodore T. Shafton, Vice-President and Secretary.

# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

**★ A. G. A. Corp.**
Dec. 18 (letter of notification) 20,000 shares of non-voting common stock (par $10) and 10,355 shares of voting common stock (par $10) to be offered to employees of the company and personal friends of the present stockholders. **Price**—Of non-voting common, $30 per share; of voting common, $12.72 per share. **Proceeds**—To purchase laboratory equipment, and for working capital. **Office**—1200 Duke Street, Alexandria, Va. **Underwriter**—None.

**Aaronson Bros. Stores Corp.**
Dec. 29 filed 40,000 shares of 70 cent cumulative preferred stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To pay for opening, equipping and stocking three new stores in El Paso, San Luis, Ariz., and San Diego, Calif. The balance of the proceeds will be added to the company's general funds and used primarily to open, equip and stock additional stores that may be opened in the future. **Office**—526 East Overland Avenue, El Paso, Texas. **Underwriters**—Eppler, Guerin & Turner, Inc., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

**Abbott-Warner Co., Inc.**
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as prime contractor on specialized construction projects. **Office**—123 Denick Avenue, Youngstown, Ohio. **Underwriter** — Strathmore Securities, Inc., 605 Park Building, Pittsburgh 22, Pa. This offering is expected to be refiled.

**Accurate Electronics, Inc.**
Dec. 16 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For research and development, advertising and for working capital. **Office**—13215 Leadwell Street, N. Hollywood, Calif. **Underwriters** — Amos Treat & Co., Inc., New York and Arthur B. Hogan, Inc., Los Angeles, Calif. **Offering**—Expected in January.

**Admiral Plastics Corp. (1/18)**
Dec. 4 filed 160,000 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—446 12th Street, Brooklyn, N. Y. **Underwriters**—Filor, Bullard & Smyth and Hardy & Co., both of New York City, who are entitled to purchase for $500 five-year options to acquire for 75 cents per share the 10,000 shares not accounted for above.

**Aetna Finance Co.**
Dec. 22 filed $5,000,000 convertible subordinated debentures, due Feb. 1, 1975, and 200,000 shares of common stock (par $1), of which 75,000 shares of the common are to be offered for the account of a selling stockholder and the rest of the offering is to be made on behalf of the issuing company. **Prices**—For the debentures, at 100% plus accrued interest from Feb. 1, 1960; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office**—Clayton, Mo. **Underwriters** — Scherck, Richter Co., and Dempsey-Tegeler & Co., both of St. Louis, Mo.

**Aircraft Dynamics International Corp. (1/15)**
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

**★ Allegheny Airlines, Inc.**
Dec. 31 filed $5,500,000 of convertible subordinated debentures, due Feb. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To buy planes and engines, reduce indebtedness, and add to working capital. **Office**—Washington National Airport, Washington, D. C. **Underwriters**—Auchincloss, Parker & Redpath of Washington, and Allen & Co. and Lee Higginson Corp., both of New York City.

**Allied Bowling Centers, Inc.**
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

**Allied Producers Corp.**
Dec. 3 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital to be used in the purchase of oil and gas properties and related forms of investment. **Office**—115 Louisiana Street, Little Rock, Ark. **Underwriter**—The offering is to be made by John L. Hedde, President of the issuing company and owner of 10,000 of its 80,000 presently outstanding shares. Mr. Hedde will work on a "best efforts" basis, and will receive a selling commission of 12 cents per share on Arkansas sales and 15 cents per share on out-of-state sales.

**Allied Small Business Investment Corp.**
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—NASD members who execute a selling agreement. **Offering**—Expected in January.

**American Frontier Life Insurance Co.**
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds**—To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

**American Gypsum Co.**
Dec. 4 filed 480,000 shares of common stock and $1,200,000 of 7% first mortgage notes, due Dec. 1, 1969, to be offered in units consisting of $100 principal amount of notes and 40 shares of stock. The common stock will be separately transferable only on and after July 1, 1960 unless an earlier date is fixed by the Board of Directors of the company. **Price**—$300 per unit. **Proceeds**—For general corporate purposes, including construction equipment, and working capital. **Office**—323 Third Street, S. W., Albuquerque, N. Mex. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque. **Offering**—Expected at end of January, 1960.

**American Hospital Supply Corp. (1/13)**
Dec. 11 filed 200,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — For working capital, construction, and $200,000 for the purchase of stock in Hoffman Pinther Bosworth, S.A. **Office**—2020 Ridge Ave., Evanston, Ill. **Underwriters**—Eastman Dillon, Union Securities & Co., and Smith, Barney & Co., both of New York City.

**American Hospital Supply Corp.**
Dec. 23 filed 53,000 shares of its common stock. The company proposes to acquire all the outstanding 1,415 common shares of Arnar-Stone Laboratories, Inc., (of Mt. Prospect, Ill.) in exchange for 49,525 shares of its common stock, and to acquire not less than 80% of the 6% cumulative preferred stock ($100 par) of Arnar-Stone, 1,029 shares of which are outstanding, pursuant to a formula based upon the market value of the company's common. Registration of the issuer's common shares is being effected in view of the possibility that a portion or all thereof may be re-offered for public sale by persons who receive same in exchange for Arnar-Stone stock.

**American Industries Life Insurance Co.**
Dec. 18 filed 316,667 shares of class A common and 50,000 shares of class B common, of which 50,000 shares of the class A and all (50,000) of the class B have been subscribed to by Foundation Life Insurance Co., and 16,667 shares of the class A are reserved for issuance upon the exercise of an option granted an agency director. **Price**—$4.50 per share (for the 250,000 shares to be publicly offered). **Proceeds**—For capital and surplus of the 13-month-old company. **Office**—Title & Trust Bldg., Phoenix, Arizona. **Underwriter**—None.

**American Investors Syndicate, Inc.**
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **Proceeds**—For construction and related expenditures. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering. No decision has been announced.

**American Land Co.**
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Expected in January.

**American Service Life Insurance Co.**
Sept. 14 filed 300,000 shares of common stock (par 40¢). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office** — 113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

**Anodyne, Inc., Bayside, L. I., N. Y.**
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y. **Offering**—Expected in January.

**Apache Properties, Inc.**
Nov. 20 filed 500,000 shares of common stock (par $1) to be offered in exchange for undivided interests in gas and oil leaseholds located in certain counties in Oklahoma. **Price**—$10 per share. **Office**—523 Marquette Ave. Minneapolis, Minn. **Underwriter**—None.

**Arcoa, Inc.**
Dec. 28 filed $6,000,000 of U-Haul Fleet Owner Contracts and $3,000,000 of Kar-Go Fleet Owner Contracts. The contracts provide for the operation of fleets of automobile-type rental trailers in the U-Haul Trailer Rental System or the Kar-Go Trailer Rental System. **Office**—4707 S. E. Hawthorne Boulevard, Portland, Ore.

**Associations Investment Fund**
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street, Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

**★ Atlantic Microfilm Corp.**
Dec. 31 (letter of notification) 4,600 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—50 S. Pearl Street, Pearl River, N. Y. **Underwriter**—None.

**★ Automatic Canteen Co. of America**
Dec. 31 filed 59,823 shares of common stock, of which 56,823 shares are to be issued to three German residents in exchange for the property and assets of their firm, Tonomat-Automaten Acker, Triefenbach, & Diefenhardt, and 3,000 shares are to be reserved for issuance upon the exercise of options to be granted the three sellers. **Office**—Merchandise Mart, Chicago, Ill.

**● Automatic Retailers of America, Inc. (1/26)**
Dec. 15 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To pay bank loan, with the balance to general funds for expansion and acquisitions. **Office** — Los Angeles, Calif. **Underwriters** — White, Weld & Co., New York City, and Cruttenden, Podesta & Co., of Chicago.

**★ Axe-Houghton Fund B, Inc.**
Jan. 4 filed an additional 3,000,000 common shares. **Proceeds**—For investment. **Office**—Tarrytown, N. Y.

**Bankers Management Corp.**
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J.

**Bargain Centers, Inc.**
Dec. 2 (letter of notification) 120,000 shares of common stock (par $10 cents). **Price**—$2.50 per share. **Proceeds**—To remodel store and offices in warehouse, opening a new store and for working capital. **Office**—31-37 Fayette Street, Martinsville, Va. **Underwriters**—Frank P. Hunt & Co., Inc., Rochester, N. Y., and First City Securities, Inc., New York, N. Y.

**● Benson Manufacturing Co., Kansas City, Mo. (1/18)**
Nov. 25 filed $2,000,000 of 6% convertible subordinated debentures due Nov. 30, 1971 and 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For additional manufacturing equipment, acquisition of property and retirement of a $500,000 bank loan. **Business**—In addition to its aluminum operations the company fabricates magnesium, stainless steel and titanium. As a leading subcontractor it serves the major missile, rocket and aircraft companies through its missile container division. **Underwriter**—S. D. Fuller & Co., New York.

**Big "C" Stores, Inc.**
Dec. 23 filed 250,000 shares of common stock, of which 125,000 shares are to be offered for the company's account and the remaining 125,000 will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For repayment of certain outstanding notes; for payment of fixtures and equipment for new supermarkets; and the balance for general corporate purposes. **Office** — 1845 S. E. Third Ave., Portland, Ore. **Underwriters**—J. Barth & Co., and The First California Co. Inc., both of San Francisco, Calif.; and Hill Darlington & Co., New York.

**Boothe Leasing Corp.**
Dec. 2 filed 40,296 shares of common stock (no par), to be offered to holders of outstanding common on basis of one new share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the acquisition of additional equipment which the company intends to lease to various businesses. **Office**—315 Montgomery Street, San Francisco, Calif. **Underwriters**—Wertheim & Co., New York City, and J. Barth & Co., San Francisco. **Offering**—Expected in January.

**Border Steel Rolling Mills, Inc.**
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

**Border Steel Rolling Mills, Inc.**
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

**Bowmar Instrument Corp.**
Dec. 28 filed 27,000 shares of common stock. These shares are to be offered to holders of outstanding stock purchase warrants, which are attached to notes issued in

January, 1959 and are exercisable at $2.50 per share. Office—8000 Bluffton Road, Fort Wayne, Ind.

**Burch Oil Co.**
Sept. 25 (letter of notification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

★ **C. E. I. Stores, Inc.**
Dec. 29 (letter of notification) 5,000 shares of 6% cumulative preferred stock and 2,500 shares of common stock (par $10). **Price**—$10 per share. **Proceeds**—To purchase merchandise for sale, for advertising and for working capital. **Office**—100 S. Jefferson Street, Athens, Ala. **Underwriter**—None.

**California Metals Corp.**
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St. Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

**California Mutual Co-Ply, Inc.**
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company.

**Can-Fer Mines Ltd.**
Dec. 22 filed 300,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of mining claims. **Office**—Toronto, Canada. **Underwriters**—Pearson, Murphy & Co., Inc., and Emanuel, Deetjen & Co., both of New York City, on a "best efforts" basis.

● **Cardinal Petroleum Co. (1/15)**
Nov. 30 filed 200,000 shares of common capital stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes including debt reduction, drilling and working capital. **Office**—420 No. 4th St., Bismarck, North Dakota. **Underwriter**—J. M. Dain & Co., Inc., Minneapolis, Minn.

★ **Carolina Natural Gas Corp.**
Dec. 30 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For debt reduction, construction, and working capital. **Office**—256 First Avenue N. W., Hickory, N. C. **Underwriters**—Cruttenden, Podesta & Co., Chicago, and Odess-Martin, Inc., Birmingham, Ala.

**Cascade Pools Corp.**
Nov. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—River & Wood Sts., Butler, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

● **Central Electric & Gas Co. (1/18-22)**
Dec. 11 filed $3,000,000 of convertible subordinated debentures, due Jan. 15, 1975. **Price**—To be supplied by amendment. **Proceeds**—For construction expenses of the issuer and its subsidiaries. **Office**—144 So. 12th Street, Lincoln, Nebr. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York City.

**Chesapeake & Potomac Telephone Co. of Maryland (1/12)**
Dec. 18 filed $25,000,000 of 36-year debentures, due Jan. 1, 1996. **Proceeds**—To repay advances, obtained for construction and other purposes, from A. T. & T. the issuer's parent, which will amount to more than $25,000,000 when such proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; Halsey, Stuart & Co. Inc., and Morgan Stanley & Co. **Bids**—Expected to be received before 11 a.m. (EST) on Jan. 12.

● **Citizens Casualty Co. of New York (1/25-29)**
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp.

★ **Coastal Caribbean Oils, Inc.**
Dec. 21 (letter of notifcation) American Voting Trust Certificates for 207,504 shares of common stock (par 10 cents). **Price**—At-the-market on the American Stock Exchange. **Proceeds**—For working capital and mineral exploration. **Office**—Apartado 6307, Panama City, Panama. **Underwriter**—None.

**Coastal Chemical Corp.**
Dec. 7 filed 111,729 shares of class A common and 70,000 shares of class C common, of which 50,000 class C shares are to be offered for the account of Miss. Chemical Corp., selling stockholder, with the remainder of the offering to be sold for the account of the issuing company. **Price**—For the class A stock: $30 per share; for the class C stock: $25 per share. **Proceeds**—For working capital, construction, and repayment of loans. **Office**—Yazoo City, Miss. **Underwriter**—The offering is to be made through Coastal employees with Miss. Chemical underwriting on a "best efforts" basis, receiving a selling commission of 33 cents a share.

**Columbian Financial Development Co.**
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter**—None. **Offering**—Expected some time after Jan. 1, 1960.

**Combined Electronics, Inc.**
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, incliding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

**Commerce Drug Co.**
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter**—Marron, Edens, Sloss & Co. **Offering**—Expected in January.

**Commerce Oil Refining Corp.**
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

**Commercial Metals Co.**
Nov. 25 filed 100,000 shares of outstanding common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—512 South Akard St., Dallas, Tex. **Underwriter**—Eppler, Guerin & Turner, Inc. **Offering**—Expected in the first couple of weeks in January.

★ **Computer Usage Co., Inc.**
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters**—Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., 51 Broad Street, New York, N. Y. and First Albany Corp., Albany, N. Y.

★ **Connecticut Light & Power Co.**
Jan. 7 filed $25,000,000 of first and refunding mortgage bonds, series P, due Feb. 1, 1990. **Underwriters**—Morgan Stanley & Co.; Putnam & Co.; Chas. W. Scranton & Co.; and Estabrook & Co. (jointly).

**Consolidated Development Corp.**
Aug. 28 filed 448,000 shares of common stock (par 20c), of which 1198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price**—For the shares to be offered to the debenture holders, 75c per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds**—For general corporate purposes. **Note**—This company was formerly known as Consolidated Cuban Petroleum Corp., which was a Delaware corporation with Havana offices. Its charter was amended last June, changing the corporate name and sanctioning its entry into real estate operations. The SEC announced a "stop order" on Dec. 10, challenging the registration statement, and the corporation told this newspaper they planned to re-register. An SEC hearing is scheduled for Jan. 25. **Office**—Miami Beach, Fla. **Underwriter** — H. Kook & Co., Inc., New York.

**Consolidated Development Corp., Pompano Beach, Fla.**
Nov. 24 filed 140,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay outstanding notes and for working capital. **Underwriter**—Consolidated Securities Corp., of Pompano Beach, Fla., on a best efforts basis. **Note**—Nick P. Christos is a director of the issuing company and President of the underwriting corporation.

**Consultants Bureau Enterprises, Inc.**
Dec. 29 filed 147,000 shares of class A common stock, of which 104,000 are to be offered for public sale for the account of the issuing company and 43,000 shares, representing outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—$100,000 to be allocated to translating and publishing additional new books; $25,000 to acquire and equip additional needed space for the company's operations; and the balance to acquire additional machinery and equipment for cold-type composition. **Office**—227-239 West 17th Street, N. Y. **Underwriter**—William David & Co., Inc., N. Y.

**Consumers Cooperative Association**
Nov. 3 filed $9,000,000 of 5½% 25-year subordinated certificates of indebtedness and 120,000 shares of preferred stock (par $25). **Price**—The certificates are to be offered in units of $100; the preferred stock is to be sold at $25 per share. **Proceeds**—To be added to general funds of the association and be used for retiring maturing certificates of indebtedness and for capital expenditures. **Office**—Kansas City, Mo. **Underwriter**—None.

*Continued on page 36*

# NEW ISSUE CALENDAR

**January 7 (Thursday)**

Old Empire, Inc. ____ Common
(Laird, Bissell & Meeds) $300,000

Tobin Craft, Inc. ____ Common
(General Investing Corp.) $150,000

Trans-World Financial Co. ____ Common
(W. R. Staats & Co.) 645,000 shares

Washington Water Power Co. ____ Bonds
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $10,000,000

Washington Water Power Co. ____ Debentures
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $5,000,000

**January 11 (Monday)**

Star Market Co. ____ Common
(Hemphill, Noyes & Co.) 200,000 shares

**January (12 (Tuesday)**

Chesapeake & Potomac Telephone Co. of Maryland ____ Debentures
(Bids to be invited) $25,000,000

Jessop Steel Co. ____ Debentures
(Hornblower & Weeks) $3,000,000

National Homes Corp. ____ Common
(White, Weld & Co.) 60,100 shares

Northern Illinois Gas Co. ____ Preferred
(First Boston Corp. and Glore, Forgan & Co.) $15,000,000

Red Fish Boat Co. ____ Common
(R. A. Holman & Co., Inc.) $300,000

Simplicity Manufacturing Co. ____ Common
(A. C. Allyn & Co., Inc.) 397,192 shares

**January 13 (Wednesday)**

American Hospital Supply Corp. ____ Common
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

**January 14 (Thursday)**

Micronaire Electro Medical Products Corp. ____ Com.
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp. ____ Wts.
(General Investing Corp.) 50,000 warrants

**January 15 (Friday)**

Aircraft Dynamics International Corp. ____ Common
(Aviation Investors of America, Inc.) $300,000

Cardinal Petroleum Co. ____ Common
(J. M. Dain & Co., Inc.) $800,000

(B. M.) Harrison Electrosonics, Inc. ____ Common
(G. Everett Parks & Co., Inc.) $399,000

Pacific Centers, Inc. ____ Common
(Binder & Co.) $295,000

TelePrompter Corp. ____ Common
(Bear, Stearns & Co.) 125,000 shares

West Florida Natural Gas Co. ____ Debentures
(White, Weld & Co. & Pierce, Carrison, Wulbern, Inc.) $837,200

**January 18 (Monday)**

Admiral Plastics Corp. ____ Common
(Filor, Bullard & Smyth and Hardy & Co.) 160,000 shares

Benson Manufacturing Co. ____ Common
(S. D. Fuller & Co.) 130,000 shares

Benson Manufacturing Co. ____ Debentures
(S. D. Fuller & Co.) $2,000,000

Central Electric & Gas Co. ____ Debentures
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $3,000,000

**January 19 (Tuesday)**

Integrand Corp. ____ Common
(DiRoma, Alexik & Co.) $340,000

Kansas Gas & Electric Co. ____ Common
(Bids to be invited) 200,000 shares

Louisiana Gas Service Co. ____ Bonds
(Bids to be invited)

Southeastern Factors Corp. ____ Debentures
(Interstate Securities Corp.; McCarley & Co. and Citizens Trust Co.) $500,000

**January 22 (Friday)**

Tenney Engineering Co., Inc. ____ Common
(Milton D. Blauner & Co., Inc.) 25,000 shares

Tenney Engineering, Inc. ____ Debentures
(Milton D. Blauner & Co., Inc.) $500,000

**January 25 (Monday)**

Citizens Casualty Co. of New York ____ Common
(Lee Higginson Corp.) 250,000 shares

Florida West Coast Corp. ____ Common
(Midtown Securities Corp.) $300,000

General Acceptance Corp. ____ Debentures
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) $25,000,000

**January 26 (Tuesday)**

Automatic Retailers of America, Inc. ____ Common
(White, Weld & Co. and Cruttenden, Podesta & Co.) 120,000 shares

Montreal Metropolitan Corp. ____ Debentures
(First Boston Corp.) $30,000,000

**February 24 (Wednesday)**

Duquesne Light Co. ____ Debentures
(Bids 11 a.m. EST) $20,000,000

**March 17 (Thursday)**

Mississippi Power Co. ____ Bonds
(Bids to be invited) $4,000,000

Mississippi Power Co. ____ Bonds
(Bids to be invited) $4,000,000

**June 2 (Thursday)**

Southern Electric Generating Co. ____ Bonds
(Bids to be invited) $40,000,000

**July 7 (Thursday)**

Gulf Power Co. ____ Preferred
(Bids to be invited) $50,000,000

Gulf Power Co. ____ Bonds
(Bids to be invited) $5,000,000

**November 3 (Thursday)**

Georgia Power Co. ____ Bonds
(Bids to be invited) $12,000,000

*Continued from page 35*

**Continental Reserve Co.**
Nov. 13 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—To invest in the common stock of its proposed subsidiary, Continental Reserve Life Insurance Co. **Office**—914-916 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Columbine Securities Corp., Denver, Colo.

**Control Electronics Co., Inc.**
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feur, all of New York.

**Cooperative Grange League Federation Exchange, Inc.**
Dec.4 filed $250,000 of 4% subordinated debentures, 10,000 shares of 4% cumulative preferred stock, and 200,000 shares of common stock. The common shares may be offered only to present or prospective members of the Cooperative. **Prices**—For the debentures, 100% of principal amount; for the preferred, $100 per share; for the common, $5 per share. **Proceeds**—For general corporate purposes, including future redemptions of outstanding securities and property additions and improvements. **Office**—Terrace Hill, Ithaca, N. Y. **Underwriter**—None.

**Cornbelt Insurance Co., Freeport, Ill.**
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

**Cornbelt Life Co.**
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

**Corrosion Control Co., Inc.**
Dec. 11 (letter of notification) 60,000 shares of capital stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 33 W. 42nd Street, New York, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y. **Offering**—Expected in January.

★**Craft Glas Pools, Inc.**
Dec. 28 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For additional equipment and working capital. **Office**—3790 N. W. 81st Street, Hialeah, Fla. **Underwriter**—None.

★ **Craftsman Life Insurance Co.**
Dec. 18 (letter of notification) 8,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record with the right to purchase one new share for each five shares held. Rights expire within 30 days. **Price**—$25 per share. **Proceeds**—For working capital and surplus. **Office** — 851 Boylston Street, Boston, Mass. **Underwriter**—None.

**Crest Investment Trust, Inc.**
Nov. 30 filed 1,172 shares of type A and 7,400 shares of type B common stock, together with $42,500 of 6% debenture notes. **Price**—$110 per share of stock; the notes will be offered in units of $500. **Proceeds**—For expansion. **Office**—41 W. Preston St., Baltimore, Md.

**Crown Aluminum Industries Corp.**
Nov. 30 filed $1,500,000 of 17-year, 7½% debentures, due Jan. 15, 1977, and 180,000 shares of common stock, to be offered in units of $100 of debentures and 12 shares of stock. **Price**—$160 per unit; and $6.50 per share for an additional 100,000 shares included in the registration statement and not covered above. **Proceeds**—For general corporate purposes, including 1,200,000 for installing and equipping a hot rolling mill. **Office**—202 Reynolds Arcade Bldg., Rochester, N. Y. **Underwriter**—Adams & Peck, New York City. **Offering**—Expected in January.

**Crusader Oil & Gas Corp., Pass Christian, Miss.**
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter**—To be supplied by amendment.

**Daryl Industries, Inc.**
Dec. 15 filed 225,000 shares of common stock, of which 130,000 shares are to be offered for the account of the issuing company and 95,000 shares representing outstanding stock. are to be offered for the account of the present holders thereof. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—7240 N. E. 4th Street, Miami, Fla. **Underwriter** — Clayton Securities Corp., Boston, Mass.

**Data Control Systems, Inc.**
Dec. 18 filed 122,500 shares of common stock (par 10 cents), of which 75,000 are to be publicly offered, 10,000 are to be offered pursuant to the issuer's Employees' Stock Option Plan and 37,500, now outstanding, may be offered from time to time by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness. **Office**—39 Rose St., Danbury, Conn. **Underwriter**—C. E. Unterberg, Towbin Co., New York City.

**Davega Stores Corp.**
Nov. 25 filed 88,000 shares of common stock to be offered to present stockholders at the rate of one new share for each three shares held. **Price** — $7 per share. **Proceeds** — For expansion and other corporate purposes. **Office**—215 4th Ave., New York City, **Underwriter**—None.

**Deluxe Aluminum Products, Inc.**
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

**Denab Laboratories, Inc.**
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

**Dentists' Supply Co. of N. Y.**
Dec. 22 filed 200,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—York, Pa. **Underwriter**—Reynolds & Co., Inc., New York City.

★ **De Soto Chemical Coatings, Inc.**
Dec. 30 filed 150,000 shares of common stock, which have been or will be issued upon the exercise granted or to be granted to company personnel under the Employees' Stock Purchase Plan of 1956. **Office**—1350 South Kostner Avenue, Chicago, Ill.

**Diversified Communities, Inc.**
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

**Don Mott Associates, Inc.**
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis. **Offering**—Expected shortly.

★ **Dresser Engineering Co.**
Dec. 22 (letter of notification) an undetermined number of shares of common stock (par $100) not to exceed $50,000 to be offered to employees under the Employees Stock Purchase Plan. The book value on March 31, 1959 was $425. **Price**—At book value. **Proceeds**—To selling stockholders. **Office**—Masonic Building, P. O. Box 2518, Tulsa 1, Okla. **Underwriter**—None.

**E. H. P. Corp.**
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected in two to three weeks' time (subject to SEC approval).

**Ekco Products Co.**
Dec. 4 filed 21,609 shares of second cumulative preferred stock, 6% series, and 54,064 shares of common stock, to be offered in exchange for the common stock of Washington Steel Products, Inc., on the basis of one-half share of common and one-fifth of a share of preferred for each common share of Washington Steel. **Office**—1949 North Cicero Avenue, Chicago, Ill.

**ESA Mutual Fund, Inc.**
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

**Estates, Inc.**
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

**Fastline, Inc.**
Nov. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—8 Washington Place, New York, N. Y. **Underwriter** — Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected any day.

★ **Financial Life Inurance Co.**
Dec. 18 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—916 Sunrise Lane, Fort Lauderdale, Fla. **Underwriter**—Jerry Thomas & Co., Inc., Palm Beach, Fla.

**Finger Lakes Racing Association, Inc.**
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia.

**First Northern-Olive Investment Co.**
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

**Florida Tile Industries, Inc.**
Nov. 12 filed 89,285 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—It is expected that about $437,500 will be used for additional working capital and/or general corporate purposes, of which $250,000 may be expended for additional facilities, and that about $87,500 will be used to retire short-term bank loans. **Office**—Lakeland, Fla. **Underwriter**—Johnson, Lane, Space Corp., Savannah, Ga.

● **Florida West Coast Corp. (1/25)**
Dec. 21 (letter of notification) 300,000 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For land acquisition. **Office**—30 E. 60th Street, New York City. **Underwriter** — Midtown Securities Corp., same address.

**Formula 409, Inc.**
Oct. 29 filed 300,000 shares of common stock (no par). **Price**—$1.50 per share. **Proceeds**—For advertising, reduction of indebtedness, bottling equipment, payment of $44,000 for acquisition of formula 409, a liquid degreaser, and office equipment. **Office**—10 Central Street, West Springfield, Mass. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass. **Offering**—Imminent.

**Gallahue Naples Corp.**
Dec. 17 filed 110,000 shares of class A stock, of which 75,000 shares are to be offered for the account of D. R. Gallahue, the issuer's President, and 35,000 shares are to be offered for the company itself. 55,000 of Gallahue's shares will be delivered in escrow, to be thus held until Dec. 31, 1961, for purchase of holders of transferable warrants to be issued by the company to buyers of the other 55,000 shares at the offering price. **Price**—To be supplied by amendment. **Proceeds** — To reduce indebtedness. **Office**—542 North Meridian Street, Indianapolis, Ind. **Underwriter**—Raffensperger, Hughes & Co., Inc., Indianapolis.

**Gas Hills Uranium Co.**
Oct. 28 filed 6,511,762 shares of common stock, of which 3,990,161 are to be offered for sale. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates, and associates of the issuing company. Of the shares to be sold, 415,000 shares are to be offered to holders of the outstanding common at the rate of one new share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain holders of the company's convertible promissory notes; and 2,748,278 shares are to be offered for the account of selling stockholders, of which number 655,500 shares represent holdings of management officials and affiliated persons. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — 604 South 18th Street, Laramie, Wyo. **Underwriter**—None.

**Gence & Associates, Inc.**
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office**—1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

● **General Acceptance Corp., Allentown, Pa. (1/25-29)**
Dec. 29 filed $25,000,000 of senior debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans, with the balance for working capital. **Underwriters**—Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co., both of New York City.

**General Aluminum Fabricators, Inc.**
Dec. 15 filed 75,000 shares of common stock, each share bearing a warrant entitling the purchaser to buy one share of common at $4 until Jan. 30, 1961. **Price**—$4 per share. To reduce indebtedness, with the balance for working capital. **Office**—275 East 10th Avenue, Hialeah, Fla. **Underwriter**—Charles Plohn & Co., of New York City, on a "best efforts" basis. **Offering**—Expected in January.

**General Coil Products Corp.**
Oct. 29 (letter of notification) 99,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For automation of operations; working capital; additional equipment and machinery and research and development. **Office**—147-12 Liberty Ave., Jamaica, N. Y. **Underwriter**—A. T. Brod & Co., New York and Washington, D. C. **Offering**—Expected in two weeks (subject to Securities and Exchange Commission clearance).

**General Electronic Laboratories, Inc.**
Nov. 20 (letter of notification) an undetermined number of shares of class A common stock (par 33⅓ cents) amounting to approximately $300,000 to be offered to

officers, directors and employees of the company. **Proceeds**—For general corporate purposes, including machinery, equipment and working capital. **Office**—195 Massachusetts Avenue, Cambridge, Mass. **Underwriter** — Kidder, Peabody & Co., Inc., Boston, Mass. on a "best efforts" basis.

**General Finance Corp.**
Sept. 11 filed 150,000 shares of common stock. **Price—$3** per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Avenida Condado 609, Santurce, Puerto Rico. The statement has been withdrawn, and the filing of a new one is said by the underwriter to be imminent.

**General Public Utilities Corp.**
Nov. 24 filed 1,115,000 additional shares of common stock (par $2.50) being offered to common stockholders of record Dec. 30, 1959, on the basis of one new share for each 20 shares so held; rights to expire on Jan. 19, 1960. **Price**—$22 per share. **Proceeds**—To pay short-term bank loans, and the balance will be added to the general funds of the company. **Underwriter**—None, but dealers may sell unsubscribed shares and solicit subscriptions.

**★ Georgia Shoe Manufacturing Co., Inc.**
Dec. 24 (letter of notification) 70,000 shares of common stock (par $1) of which 40,000 shares are to be offered by a selling stockholder. **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—Flowery Branch, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Georgia.

**Gold Medal Packing Corp.**
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change** — Formerly Eastern Packing Corp.

**Gold Medal Studios, Inc.**
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

**• Granco Products, Inc.**
Oct. 21 (letter of notification) 42,860 warrants and 60,000 shares of common stock (par 50 cents). The stock is underlying the warrants, and the purpose of the filing was to permit the warrant holders to exercise their warrants and buy the underlying stock at $2.50 per share during the life of the warrant. The expiration date of the warrant is Feb. 25, 1961. The price of the warrant is at the market. **Proceeds**—In the first instance, to the warrant holders; if they convert, Granco's treasury will receive $2.50 per share. **Office**—36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York City. **Note**—It was reported on Dec. 31 that the company had lost more than $500,000 worth of supplies, all fully-insured, earlier in the month. The company expects to have completed moving its operations to Kew Gardens, L. I., N. Y., by mid-January.

**Great American Publications, Inc.**
Dec. 23 filed 235,000 shares of common stock, of which the company proposes to offer 218,000 shares for sale initially to stockholders (other than officers, directors and principal sotckholders). Shares not purchased by stockholders and 4,500 shares purchased by the underwriter (Smith, Holly & Co., Inc.) at 10c per share are to be publicly offered. The underwriter, however, has agreed to purchase only 30,000 shares and to use its best efforts in the distribution of the remaining 188,000 shares. The remaining 12,500 shares are being registered for the account of Mortimer B. Burnside & Co., Inc., in consideration of its release of certain rights under prior underwriting agreements. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital; for retirement of short-term indebtedness; and for promotion and development of its various publications. **Office**—270 Madison Ave., N. Y. **Underwriter**—Smith, Holly & Co., Inc., New York. **Note**—A year-end 4% stock dividend has been declared payable Jan. 22 to holders of record Jan. 8.

**Great Lakes Bowling Corp.**
Aug. 31 filed 120,000 shares of common stock (par $1) **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Expected sometime after Jan. 1, 1960.

**Green River Production Corp.**
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

**Greer Hydraulics, Inc.**
Nov. 27 filed 250,000 additional shares of common stock ($.50 par) to be offered for subscription by holders of the outstanding common. **Price** — To be supplied by amendment. **Office**—Jamaica, L. I., N. Y. **Proceeds**—To relocate company in Los Angeles, with the balance to be used for general corporate purposes, including the reduction of indebtedness. **Underwriter** — Burnham & Co., New York City. **Offering**—Expected in January.

**Growth Fund of America, Inc.**
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment **Office** — 1825 Connecticut Avenue, Washington, D. C **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

**Guaranty Insurance Agency, Inc.**
See, Mortgage Guaranty Insurance Corp., below.

**Guardian Tilden Corp.**
Dec. 17 filed 100,000 shares of cumulative preferred stock (par $10), $1,060,000 of 15-year 8% subordinated capital notes, and $1,250,000 of 12-year 7% subordinated capital notes. **Prices** — At par and principal amounts. **Proceeds** — For general corporate purposes. **Office** — 45-14 Queens Boulevard, Long Island City, N. Y. **Note:** The securities are to be offered first to holders of securities in Guardian Loan Co., Inc. and Tilden Commercial Alliance, Inc., subsidiaries of the issuing company. **Underwriter**—None.

**Harmar Co., Inc.**
Nov. 18 (letter of notification) $50,000 of 6% 10-year convertible subordinated debentures series A to be offered in denominations of $500 each. Debentures are convertible into class B common stock at the rate of five shares for each $500 debenture. **Price**—At par. **Proceeds**—For working capital. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

**• (B. M.) Harrison Electronics, Inc. (1/15)**
Sept. 25 filed 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City.

**Hebrew National Kosher Foods, Inc.**
Dec. 11 filed 350,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 175,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 178 South Elliott Place, Brooklyn, N. Y. **Underwriters** — Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., both of New York City, on a "best efforts" basis.

**Hickerson Bros. Truck Co., Inc.**
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo. **Offering**—Expected shortly.

**Hi-Press Air Conditioning Corp. of America**
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City.

**Home Oil Co., Ltd.**
Dec. 16 filed $20,000,000 of convertible subordinated debentures, due Jan. 15, 1975, and convertible into common stock of Trans-Canada Pipe Lines Ltd. (about 20%-owned by Home Oil) beginning Aug. 1, 1960. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including reduction of indebtedness. **Underwriters**—Lehman Brothers, New York City, will manage the American group and Wood, Gundy & Co. Ltd., of Toronto, the Canadian one.

**Honeycomb Products, Inc.**
Nov. 10 (letter of notification) amended Dec. 16, 90,000 shares of capital stock (no par). **Price** — $3 per share. **Proceeds** — To pay for the cost of plant machinery and working capital. **Office** — 8 Orchard Dr., Mt. Vernon, Ohio. **Underwriter**—Hardy & Hardy, New York, N. Y. **Offering**—Expected in about two weeks.

**Horne's Enterprises, Inc.**
Dec. 16 filed 235,000 shares of common stock (par $1), to be publicly offered and 45,000 shares reserved for issuance to employees. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including expansion. **Office**—Bayard, Fla. **Underwriters**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla., and Johnson, Lane, Space Corp., Savannah, Ga.

**Howe Plastics & Chemical Companies, Inc.**
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

**Hycon Manufacturing Co.**
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

**I C Inc.**
June 29 filed 600,000 shares of common stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver. Colo.

**Inland Western Loan & Finance Corp.**
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price**—To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches of already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

**Integrand Corp. (1/19)**
Oct. 13 filed 85,000 shares of common stock (par 5c). **Price**—$4 per share. **Proceeds** — For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

**International Aspirin Corporation**
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

**Investment Trust for the Federal Bar Bldg.**
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

**Irando Oil & Exploration, Ltd.**
April 24 filed 225,000 shares of common stock. **Price—90** cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

**Island Industries, Inc.**
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y.

**Jessop Steel Co. (1/12)**
Dec. 4 filed $3,000,000 of convertible subordinated debentures, due Jan. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Washington, Pa. **Underwriter**—Hornblower & Weeks, New York City.

**Kansas Gas & Electric Co. (1/19)**
Nov. 20 filed 200,000 shares of common stock (no par). **Proceeds**—For the construction of electric facilities and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co., Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 19 at Room 2033, Two Rector Street, New York 6, N. Y.

**★ Kavanagh-Smith & Co.**
Dec. 30 filed 145,000 shares of common stock, of which 115,000 shares are to be offered for the account of the issuing company and 30,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Prices**—For 20,000 shares, to be initially offered to company personnel, $4.50 per share; for the balance, $5 per share. **Proceeds**—For the retirement of $166,850 of bank indebtedness, acquisition and development of land, construction of houses for sale, and general corporate purposes. Office—114 North Greene Street, Greensboro, N. C. **Underwriter**—United Securities Co., Greensboro.

**Lafayette Radio Electronics Corp.**
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City. **Offering**—Expected in January.

**Lake Aircraft Corp., Sanford, Me.**
Nov. 20 filed 135,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay $25,000 indebtedness to the Sanford Trust Co., for remaining payment on purchase by the company of certain assets of Colonial Aircraft Corp., and for other corporate purposes. **Underwriter**—Mann & Gould, Salem, Mass.

**Lancer Industries, Inc.**
Nov. 27 filed 200,000 shares of $.70 convertible preferred stock (par $10). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—22 Jericho Turnpike, Mineola, L. I., N. Y. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

**★ Landsverk Electrometer Co.**
Dec. 28 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To cover the cost of new quarters and for the development of new projects and for working capital. **Office**—641 Sonora Avenue, Glendale, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

**★ Lassiter Corp.**
Dec. 28 (letter of notification) 17,647 shares of class B non-voting common stock (par $5) to be offered for subscription by stockholders. **Price**—$17 per share. **Proceeds**—For purchase of additional equipment, for re-

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tirement of indebtedness, and for working capital. **Office**—1135 E. Fourth Street, Charlotte, N. C. **Underwriter**—None.

**Lawn Electronics Co., Inc.**
Nov. 25 (letter of notification) 133,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y.

**Laymen Life Insurance Co.**
Nov. 30 filed 175,000 shares of common stock (par $1), of which 35,000 shares are to be offered by company and 140,000 shares are to be offered by Laymen of the Church of God, with which the company is merging. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1047 Broadway, Anderson, Indiana. **Underwriter**—To be supplied by amendment.

**Levitt & Sons, Inc., Levittown, N. J.**
Dec. 28 filed 600,000 outstanding shares of its capital stock. **Price**—To be supplied by amendment; it will reportedly be about $10 per share. **Proceeds**—To William J. Levitt, President (selling stockholder). **Underwriter**—Ira Haupt & Co., New York.

**Lewiston, Greene & Monmouth Telephone Co.**
Dec. 17 (letter of notification) 6,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To replace and enlarge the company's telephone exchange at Greene, Maine. **Office**—Greene, Maine. **Underwriter**—None.

**Life Insurance Co. of Florida**
Sept. 28 filed 203,476 shares of common stock (par $1) **Price**—$4.50 per share. **Proceeds**—For expansion. **Office**—2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami.

**Liquid Veneer Corp.**
Nov. 16 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds** — For general corporate purposes. **Office** — 211 Ellicott Street, Buffalo, N. Y. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y.

**Lockhart Corp.**
Dec. 14 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—359 South Main Street, Salt Lake City, Utah. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

**Louisiana Gas Service Co. (1/19)**
Dec. 4 filed $7,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Jan. 19.

**(G. B.) Macke Corp., Washington, D. C.**
Dec. 29 filed 125,000 shares of class A common stock, of which 105,000 shares are to be publicly offered and 20,000 shares offered to employees. **Price**—For the publicly offered shares the price will be supplied by amendment. For the shares to be offered to employees the price per share will be $9.50 in cash or $9.75 if the purchase price is paid through wage deductions. **Proceeds**—For general corporate purposes. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

**M. & S. Oils Ltd.**
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada

**Magna-Bond, Inc.**
Nov. 9 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business** — Protective coatings. **Office**—1718 S. 6th Street, Camden, N. J. **Underwriter**—American Diversified Securities, Inc., 1028 Connecticut Avenue, N. W., Washington 6, D. C.

**Magnuson Properties, Inc.**
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York. **Offering**—Expected this Fall.

**Marine Fiber-Glass & Plastics, Inc.**
Nov. 30 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For new plant expenditures, research and development and for working capital. **Office** — 2901 Blakely Street, Seattle 2, Wash. **Underwriter** — Best Securities, Inc., New York, N. Y.

**Mayfair Markets**
Oct. 1 filed 301,177 shares of common stock (par $1), being offered to holders of such stock on the basis of one new share for each five shares held Nov. 13. Rights are scheduled to expire in February. **Price**—$10 per share. **Proceeds**—For general corporate purposes, including expansion and working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

● **Micronaire Electro Medical Products Corp. (1/14)**
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. **Price**—$275 per unit. **Proceeds**—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. **Office**—79 Madison Avenue, New York City. **Underwriter**—General Investing Corp., New York.

**Mid-America Minerals, Inc.**
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

**Midwestern Financial Corp.**
Nov. 9 filed 250,000 shares of common stock (par $1) **Price**—To be supplied by amendment. **Proceeds**—To pay the $1,360,000 balance to Majestic Mortgage Co. due in connection with the issuing company's acquisition of all of the outstanding stock of Majestic Savings & Loan Association, with about $650,000 to be used for capital contributions to its savings and loan associations and for loans to other subsidiaries, $51,000 to be used to repay principal and interest on a short-term bank loan, and $55,000 to be used as additional working capital. **Office**—2015 13th Street, Boulder, Colo. **Underwriters**—W. R. Staats & Co., Los Angeles, Calif., and Boettcher & Co and Bosworth, Sullivan & Co., Inc., both of Denver, Colo

**Mifflin, McCambridge Co.**
Dec. 15 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For construction, new equipment, sales promotions and working capital. **Office**—6400 Rhode Island Avenue, Riverdale, Md. **Underwriter**—Harrison & Co., Philadelphia, Pa.

★ **Minalaska, Inc.**
Dec. 21 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For mining expenses. **Office** — Ophir, Alaska. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y.

**Modern Pioneers' Life Insurance Co.**
Dec. 4 (letter of notification) 47,687 shares of common stock (par $1) to be offered to policyholders of Modern Pioneers' Insurance Co. and the company for cash or transfer of dividends. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—811 N. Third Street, Phoenix, Ariz. **Underwriter**—Associated General Agents of North America, Inc.

**Mohawk Airlines Inc.**
Nov. 9 filed $3,500,000 of 6% convertible subordinated debentures, due Dec. 1, 1974, $1,917,500 of which are to be offered in exchange for a like amount of company's outstanding 5½% convertible subordinated debentures, due 1966. The remainder, plus any not taken in the exchange offer, are to be publicly offered. **Price.**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including debenture redemption, airplane equipment, and working capital. **Office**—Utica N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis. Mo. **Offering**—Expected middle of January.

**Montgomery Mortgage Investment Corp.**
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

**Montmartre Hotel, New York City**
Dec. 29 filed $1,234,000 of limited partnership interests, to be offered for sale in $6,000 units.

**Montreal Metropolitan Corp. (1/26)**
Dec. 23 filed $30,000,000 of sinking fund debentures, due Feb. 1, 1985, to be redeemable at the option of the issuer on or after Feb. 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred for construction. **Office**—Quebec, Canada. **Underwriters**—First Boston Corp. and associates.

**Morse Electro Products Corp.**
Dec. 28 filed 120,000 shares of common stock. **Price**—$7 per share. **Proceeds**—Together with other funds, will be used for the opening of three additional retail stores, and for additional working capital. **Office** — 122 West 26th Street, New York. **Underwriters**—Standard Securities Corp. and Irving Weis & Co., both of New York, on an all-or-nothing basis.

**Mortgage Guaranty Insurance Corp.**
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

**Munston Electronic Manufacturing Corp.**
Nov. 9 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—Beech Street, Islip, N. Y. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y. **Offering**—Expected in January.

**Murphy Finance Co.**
Dec. 21 filed 100,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For working capital and debt reduction. **Office**—174 E. 6th St., St. Paul, Minn. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis, Minn.

**Mutual Credit Corp.**
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

**Narda Microwave Corp.**
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York. Indefinitely postponed.

**Nassau Physicians Guild Investment Co., Inc.**
Dec. 23 filed 200,000 shares of capital stock. Sale of the shares of the Fund will be restricted to regular and associate members of the Nassau Physicians Guild, Inc., who are residents of New York State. **Proceeds**—For investment. **Office** — 1200 Stewart Ave., Garden City, L. I., N. Y. **Underwriter**—None.

**National Bellas Hess, Inc.**
Oct. 27 filed $5,318,300 of convertible subordinated debentures, due Oct. 1, 1984, being offered to common stockholders on the basis of $100 of debentures for each 50 shares held. Rights expire Jan. 5. **Price** — At par. **Proceeds**—For general corporate purposes, including the investment in the issuing company's membership discount department store operations. **Office**—14th Avenue & Swift Street, North Kansas City, Mo. **Underwriter**—Stern Bros. & Co., Kansas City, Mo.

**National Citrus Corp.**
April 20 (letter of notification) 150,000 shares of class A common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. On Oct. 29 the issue was accepted for filing with the Michigan Corporation and Securities Commission.

**National Equipment Rental, Ltd.**
Dec. 30 filed $2,000,000 of 6% subordinated sinking fund debentures, due Feb. 1, 1970, with common stock purchase warrants attached, and 207,500 shares of common stock, of which 127,500 shares of the common are to be offered for the account of selling stockholders, 80,000 shares of the common are to be reserved for issuance upon the exercise of the warrants, and the remaining 100,000 common shares are to be offered in units with the debentures, each unit to consist of 10 common shares and $200 principal amount of debentures. **Price**—$250 per unit. **Proceeds**—For working capital, to be used for expansion. **Office**—Floral Park, L. I., N. Y. **Underwriter**—Burnham & Co., New York City.

**National Homes Corp. (1/12)**
Nov. 25 filed warrants for the purchase of 60,100 shares of class B common stock (par $.50). **Price**—To be supplied by amendment. **Office**—Earl Avenue & Wallace St., Lafayette, Ind. **Underwriter**—White, Weld & Co., New York City.

**North Carolina Telephone Co.**
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

**Northern Illinois Gas Co. (1/12)**
Dec. 8 filed 150,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire loans and add to working capital. **Office**—50 Fox Street, Aurora, Ill. **Underwriters**—First Boston Corp. & Glore, Forgan & Co., both of New York City. These shares are entitled to a sinking fund, sufficient to retire 3,000 shares annually, commencing May 1, 1963, payable prior to common dividends but after preferred dividends and subject only to adequacy of "available net income," but fully cumulative.

★ **Northeast Investors Trust**
Jan. 4 filed an additional 100,000 shares of beneficial interest in the Trust. **Office**—Boston, Mass.

**Nu-Era Corp.**
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burn-

side & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered.

**Occidental Petroleum Corp.**
Oct. 29 filed 615,854 shares of common stock (par 20 cents), 307,927 shares of which are to be offered for subscription by holders of outstanding common stock at the rate of one new share for each 10 shares held. The remaining shares are to be offered to a group of individuals, not as yet named, who have agreed to purchase not less than 307,925 shares, and will also be offered shares not bought by the holders of the outstanding common. **Price**—To be supplied by amendment. **Proceeds**—For drilling, exploration, development, and to purchase an interest in Parker Petroleum Co. **Office**—8255 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—None.

**Oil, Gas & Minerals, Inc.**
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing has been postponed from Dec. 23 to Jan. 23.

**• Old Empire, Inc. (1/7)**
Nov. 30 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 865 Prospect Ave., Newark, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

**Ovitron Corp., Detroit, Mich.**
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York.

**Oxy-Catalyst, Inc.**
Dec. 23 filed 28,637 shares of common stock. The company proposes to offer 11,372 shares for subscription by its common stockholders of record Jan. 15, 1960, upon the basis of one new share for each 50 shares then held. The remaining 17,265 shares are to be offered to certain officers and employees of the company upon the exercise of options to purchase said shares, the option price being $9.35 as to 6,575 shares and $11 as to 10,690. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For additional working capital. **Office**—511 Old Lancaster Road, Berwyn, Pa. **Underwriter**—None.

**★ Pacific Centers Inc. (1/15)**
Dec. 22 (letter of notification) 73,750 shares of common stock (no par). **Price** — $4 per share. **Proceeds** — For construction of a shopping center in San Jose, Calif. **Office**—Patterson Building, Carmel, Calif. **Underwriter**—Binder & Co., Los Angeles 46, Calif.

**Pacific Fasteners Corp.**
Nov. 27 filed 150,000 shares of capital stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For new equipment and machinery and working capital. **Office**—640 E. 61st Street, Los Angeles, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles.

**Pacific Gold, Inc.**
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

**Pacific Uranium Mines Co.**
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

**Pancoastal Petroleum Co.**
Dec. 13 filed 300,000 shares of common capital stock and voting certificates therefor, which shares are to be offered for sale on the American Stock Exchange from time to time. **Price**—At market. **Proceeds**—For drilling, construction, and debt reduction. **Office**—Caracas, Venezuela. **Underwriter**—None.

**Pan-Alaska Fisheries, Inc.**
Dec. 14 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—To purchase or charter additional ships and equipment; to pay balance of mortgage and for working capital. **Office**—Dexter Horton Building, Seattle 4, Wash. **Underwriters**—Ross Securities, Inc., New York, N. Y. and First Pacific Equities Corp., Portland, Ore.

**Pathe News, Inc.**
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. Office—245 W. 55th Street, New York. **Underwriter**—Hilton Securities, Inc., formerly Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

**Petroleum Projects**
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

**Phillips Developments, Inc.**
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

**Pilgrim National Life Insurance Co. of America**
Sept. 17 filed 100,000 shares of common stock (par $1) of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders. **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W Adams Street, Chicago, Ill. **Underwriter**—None. Statement effective Nov.4.

**• Pioneer Finance Co.**
Dec. 7 filed 65,000 shares of convertible preferred stock (par $25), being offered to holders of the outstanding common on the basis of one preferred share for each 15 common shares held on Jan. 6; rights are scheduled to expire Jan. 20. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1400 First National Bank Bldg., Detroit, Mich. **Underwriters**—White, Weld & Co., Inc., New York City, and Watling, Lerchen & Co., Detroit, Mich.

**Precision Transformer Corp., Chicago**
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

**★ Preferred Insurance Co.**
Dec. 30 filed 59,364 shares of outstanding common stock, to be exchanged by certain of the issuer's shareholders subject to an agreement with Preferred Automobile Underwriters Co. **Office** — 126 Ottawa Avenue, N. W., Grand Rapids, Mich.

**Prudential Commercial Corp.**
Oct. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—City of Dover, County of Kent, Del. **Underwriter**—All State Securities Inc., 80 Wall Street, New York, N. Y.

**Puerto Rico Industries, Inc.**
Oct. 15 filed 48,500 shares of class A common stock, (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O Box No. 622, Little Rock, Ark. **Underwriter**—None.

**• Red Fish Boat Co. (1/12)**
Oct. 22 (letter of notification) 400,000 shares of class A common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay mortgages, accounts payable, purchase raw materials, expand production facilities and expansion of sales program. **Business**—Manufactures fiberglass boats. **Address**—P. O. Box 610 Clarksville, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

**Reserve Insurance Co., Chicago, Ill.**
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. This offering will not be made in New York State. **Offering**—Postponed indefinitely.

**Roulette Records, Inc.**
Aug. 27 filed 330,000 shares of common stock (one cent) of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue.

**★ Row, Peterson & Co.**
Jan. 6 filed 164,689 shares of common stock, of which 157,346 shares are to be offered for the account of nine selling stockholders and 7,343 shares for the account of the issuer. **Price**—To be supplied by amendment. (Giving effect to the completion of the proposed offering, net operating profit in the fiscal year ending April 30, 1959 was about $1.48 per share.) **Office**—Evanston, Ill. **Underwriter**—Kidder, Peabody & Co., Inc.

**Seacrest Industries Corp.**
Dec. 4 (letter of notification) 165,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—354 Franklin Avenue, Franklin Square, L. I., N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

**Secode Corp.**
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

**Security Mortgages, Inc.**
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

**Shield Chemical Ltd.**
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

**Simplicity Manufacturing Co. (1/12)**
Nov. 30 filed 397,192 shares of class A common stock (par $1) of which 100,000 shares are to be offered by issuing company and 297,192 shares are to be offered by the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—336 South Spring St., Port Washington, Wisconsin. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

**Soroban Engineering, Inc.**
Dec. 29 filed 100,000 shares of its common stock. **Price**—To be supplied by amendment. **Proceeds** — For acquisition of land and erecting an additional plant, for tooling and additional equipment, for fixtures and general furnishings for the new plant, and for reduction of bank indebtedness. **Office**—7725 New Haven Avenue, Melbourne, Fla. **Underwriter** — R. S. Dickson & Co., Inc., Charlotte, N. C.

**Sottile, Inc. (Formerly South Dade Farms, Inc.)**
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000: to add to working capital: to retire certain long-term indebtedness: and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

**South Bay Industries, Inc.**
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis. **Offering**—Expected in February.

**Southeastern Factors Corp. (1/19)**
Dec. 9 filed $500,000 of 6% subordinated capital debentures, due Jan. 1, 1975, with warrants to purchase 100,000 shares of common stock. These debentures are to be offered on the basis of $1,000 principal amount of debentures, each such debenture bearing warrants for the purchase of 200 shares of common stock at $4.25 per share. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Charlotte, N. C. **Underwriters**—Interstate Securities Corp., Charlotte, McCarley & Co., Asheville, N. C., and Citizens Trust Co., Greenwood, S. C.

**★ Southern California Edison Co. (1/26)**
Jan. 4 filed $30,000,000 of first and refunding mortgage bonds, series L, due 1985. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); and Blyth & Co., Inc.

**Southern Growth Industries, Inc.**
Nov. 12 filed 963,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For investment. **Office** — Greenville, S. C. **Underwriter** — Capital Securities Corp., 121 So. Main Street, Greenville, So. Car., on a "best efforts" basis, with a commission of 50 cents per share.

**Southland Oil Ventures, Inc.**
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

**Southwestern Investment Co.**
Nov. 2 filed 225,000 shares of common stock, of which 15,000 shares are to be offered to employees of the issuing company and its subsidiaries, and 210,000 shares

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represent outstanding stock held by previous stockholders of Southwest Acceptance Co., who may offer their shares. **Price**—At market. Office—Amarillo, Texas. **Underwriter**—None.

**Sta-Brite Fluorescent Manufacturing Co.**
Nov. 27 filed 140,000 shares of common stock (par $.10). **Price**—$5 per share. **Proceeds**—For plant improvements, opening new muffler and brake shops, advertising, new product engineering and promotion, and working capital. **Office**—3550 N. W. 49th St., Miami, Fla. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

**● Star Market Co. (1/11-15)**
Dec. 8 filed 200,000 shares of common stock, of which 50,000 are to be offered for the account of the issuing company, 125,000 are to be offered for the account of S. P. Mugar, President, and 25,000 are to be offered by Mugar to certain officers and employees of the company and its subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including construction. **Office**—297 Walnut Street, Newton, Mass. **Underwriter** — Hemphill, Noyes & Co., New York City.

**State Industries**
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter** — John Keenan & Co., Inc., Los Angeles. **Offering**—Expected any day.

**Stelling Development Corp.**
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

**★ Suburban Industrial Bank of Lakewood**
Dec. 21 (letter of notification) 2,000 shares of common stock (par $100). **Price**—$115 per share. **Proceeds**—For working capital. **Office**—11199 W. Colfax Avenue, Lakewood, Colo. **Underwriter**—None.

**Supermarket Service, Inc.**
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

**★ Swift & Co.**
Jan. 4 filed 20,000 shares of common stock, to be offered to eligible employees of the company and two subsidiaries pursuant to the issuer's Savings and Security Plan. **Office**—Chicago, Ill.

**System Finance Co.**
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**—610 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

**Tayco Developments, Inc.**
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

**Taylor Devices, Inc.**
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

**Telechrome Manufacturing Corp.**
Nov. 16 filed $750,000 of 6% convertible subordinated debentures, due 1969. **Price** — At 100% of principal amount. **Proceeds**—For general corporate purposes including expansion and debt reduction. **Office**—Amityville, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., Inc., both of New York City. **Offering**—Expected in January, 1960.

**● TelePrompter Corp. (1/15)**
Nov. 27 filed 125,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—$690,000 to supply the cash portion of proposed acquisitions; $150,000 to reimburse Teleprompter's treasury for the purchase of Antennavision of Silver City, Inc., a New Mexico corporation; $100,000 to prepay in full a bank note due Dec. 31, 1960. **Office**—311 W. 43rd Street, New York City. **Underwriter**—Bear, Stearns & Co., New York City.

**● Tenney Engineering, Inc. (1/22)**
Dec. 18 filed $500,000 of 6½% convertible subordinated debentures, due January, 1970, and 25,000 shares of common stock. **Prices**—For the debentures: at 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds** — For reduction of indebtedness, moving issuer's coil business from Michigan to North Carolina, and working capital. **Office**—1090 Springfield Road, Union, N. J. **Underwriter**—Milton D. Blauner & Co., Inc.

**Timeplan Finance Corp.**
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

**● Tobin Craft, Inc. (1/7)**
Nov. 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Bayville, Ocean County, N. J. **Underwriter**—General Investing Corp., New York, N. Y.

**Tower's Marts, Inc.**
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

**Transcon Petroleum & Development Corp., Mangum, Okla.**
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

**Transit Freeze Corp.**
Dec. 3 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expenses incidental to the development of a frozen food trucking business. **Office**—152 W. 42nd Street, New York City. **Underwriter** — Jerome Robbins & Co., 82 Wall Street, on a "best efforts" basis. **Offering**—Expected in January.

**● Trans-World Financial Co. (1/7)**
Oct. 26 filed 645,000 shares of common stock (par $1) of which 420,000 shares are to be offered for the account of the issuing company, and 225,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans on its own behalf and that of a subsidiary, and to liquidate the unpaid balance for the common stock of a subsidiary, with the balance to be added to general funds. **Office** — 8001 Beverly Boulevard, Los Angeles, Calif. **Underwriter** — W. R. Staats & Co., Los Angeles, who has acquired for investment purposes in exchange for $20,000 cash the 10,000 shares of the filing not accounted for above.

**Tri-State Petroleum Corp.**
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J.

**(The) T Transportation Plan, Inc.**
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. **Price**—$150 per unit. **Proceeds**—For general corporate purposes, including working capital. **Office**—120 Broadway, New York City. **Underwriter**—Ross, Lyon & Co., Inc., New York states that they are no longer underwriting this issue.

**Turner Timber Corp.**
Nov. 12 filed $2,000,000 of 6¾% convertible debentures, due 1969, and 250,000 shares of common stock (par one cent), to be offered in units consisting of $1,000 principal amount of debentures and 125 shares of stock. **Price**—$1,001.25 (plus accrued interest from 12/15/59) per unit. **Proceeds**—For the acquisition of coal and timber properties, with any balance to be added to working capital. **Office**—60 E. 42nd Street, New York City. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

**United Employees Insurance Co.**
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

**U. S. Magnet & Alloy Corp.**
Oct. 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—266 Glenwood Avenue, Bloomfield, N. J. **Underwriter**—Robert Edelstein Co., 52 Wall Street, New York 5, N. Y.

**United Tourist Enterprises, Inc.**
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price** — $2 per share. **Proceeds** — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo. Statement effective Oct. 9.

**Universal Transistor Products Corp.**
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

**Val Vista Investment Co., Phoenix, Ariz.**
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

**Variable Annuity Life Insurance Co. of America**
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

**Vickers-Crow Mines, Inc.**
Nov. 23 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office** — 321½ Grant Ave., Eveleth, Minn. **Underwriter**—Sakier & Co., Inc., 50 Broad St., New York, N. Y.

**Vita-Plus Beverage Co., Inc.**
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Glen Arthur & Co., New York, N. Y.

**Washington Water Power Co. (1/7)**
Nov. 24 filed $10,000,000 of first mortgage bonds and $5,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds** — To repay notes due May 2, 1960 in the amount of $12,000,000, with the balance for construction. **Underwriters** — Kidder, Peabody & Co., Blyth & Co., Inc., White, Weld & Co. and Dean Witter & Co., all of New York.

**Wellington Management Co.**
Nov. 30 filed 450,000 shares of class A common stock (non-voting), of which 58,000 shares are newly-issued stock to be acquired by the underwriters from the issuing company, and the remaining 392,000 shares are outstanding shares to be acquired from the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness from $1,650,000 to $600,000, with the balance to be used for working capital. **Office**—1630 Locust St., Philadelphia, Pa. **Underwriters**—Bache & Co. (handling the books) and Kidder, Peabody & Co., both of New York City. **Offering**—Expected in January.

**★ West Florida Natural Gas Co. (1/15)**
Dec. 21 filed $837,200 of subordinated income debentures and warrants to buy 25,116 shares of class A common stock ($1 par), to be offered first to stockholders in units of $100 of debentures with warrants for the purchase of three shares of common at $100. Rights expire Feb. 8. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Maple & Third Streets, Panama City, Fla. **Underwriters**—White, Weld & Co., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (jointly).

**Western Carolina Telephone Co.**
Nov. 4 filed 71,513 shares of common stock (par $5), to be offered to stockholders on the basis of one new share for each five shares held. **Price**—$6.75 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the continuation of construction. **Office**—15 South Main St., Weaverville, N. C. **Underwriter**—None.

**Western Wood Fiber Co.**
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

**Wyoming Nuclear Corp.**
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

**Young Manufacturing Co.**
Dec. 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventories, expand manufacturing facilities and for working capital. **Office**—1601 W. Lincolnway, Cheyenne, Wyo. **Underwriter** — Atlas Securities Co., Cheyenne, Wyo.

# Prospective Offerings

**● Alabama Power Co. (4/7)**
Dec. 9 it was announced that this company plans registration with the Securities and Exchange Commission of $19,500,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—Expected to be received on April 7. **Registration**—Scheduled for March 4.

**American Jet School, Inc., Lansing, Mich.**
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business**—In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter**—In New York, to be named. The company is presently negotiating with two New York underwriters.

**Britton Electronics Corp.**
It has been reported that this Queens Village, L. I., company is expected to offer an issue of common stock in January, pursuant to an SEC registration. **Proceeds**—For plant and equipment, including the expansion of

a semi-conductor line for silicon products. **Underwriter** —First Philadelphia Corp., 40 Exchange Place, New York City.

**● Brooklyn Union Gas Co.**
Dec. 7 it was reported that the company plans to issue about $20,000,000 of securities in the second quarter of 1960. The precise form of the offering is expected to be announced in the first quarter. The company's current thinking is that it will take the form of straight preferred stock. About $120,000,000 is expected to be spent for construction in the 1959-1964 period, of which some $80,000,000 will be sought from outside financing, with the $40,000,000 remainder expected to be internally generated. **Proceeds**—The offering now "in the works" is expected to liquidate bank loans of about $13,000,000 the company will have outstanding as of the end of this year, in addition to about $2,250,000 of bank loans undertaken in order to call in the preferred stock of Brooklyn Borough Gas Co., acquired by consolidation last June. This company had about 100,000 meters in the Coney Island (N. Y.) area. **Office**—176 Remsen Street, Brooklyn 1, N. Y. **Note:** Stockholders meet on Feb. 9.

**★ (J. I.) Case Credit Corp.**
It was reported in early January that the company is planning new financing in a few months, possibly through privately-placed notes. **Office**—700 State Street, Racine, Wis.

**Coffee House, Inc., Lansing, Mich.**
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price** —To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York, to be named.

**Consolidated Research & Mfg. Corp.**
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

**Dayton Power & Light Co.**
Dec. 30 it was announced that the company plans the filing of about $25,000,000 of 30-year first mortgage bonds. **Proceeds**—Will be used to repay $18,000,000 of temporary bank loans and to defray part of the cost of the company's 1960 construction program. **Underwriter** —To be determined by competitive bidding. **Bids**—Expected to be opened in the latter part of February.

**Duquesne Light Co. (2/24)**
Dec. 2 it was announced by Philip A. Fleger, President and Board Chairman, that the utility's sole financing in 1960 is expected to consist of $20,000,000 of non-convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly).

**● Englehard Industries, Inc.**
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two weeks concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

**First National Bank of Miami, Fla.**
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

**Georgia Power Co. (11/3)**
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

**Gulf Power Co. (7/7)**
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

**Gulf Power Co. (7/7)**
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

**Hawaiian Telephone Co.**
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

**Independent Radio, Inc., Lansing, Mich.**
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price** —To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**— In New York, to be named.

**● Mississippi Power Co. (3/17)**
Dec. 9 it was announced that the company plans registration of $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**— Expected to be received on March 17. **Registration**— Scheduled for Feb. 11.

**★ Murphy Corp. (1/12)**
On or about Jan. 12 the company expects to file common stock with the Securities and Exchange Commission in order to acquire, on an exchange-of-shares basis, stock in Amurex Oil Co. Murphy will offer one share of common for eight shares of Amurex class A common, and one share of its common for 80 shares of Amurex class B common.

**National Mail Order Co., Lansing, Mich.**
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

**Nedick's Stores, Inc.**
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

**● South Carolina Electric & Gas Co.**
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

**Southern Electric Generating Co. (6/2)**
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

**Tampa Electric Co.**
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

**Transcontinental Gas Pipe Line Corp.**
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

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# OUR REPORTER'S REPORT

The course of events in the first week of the new year seemingly served only to becloud the general situation in the capital and investment markets a bit more. Certainly nothing happened to revive broad-scale interest in the markets, either new issue or secondary.

**On the contrary, the action of the major banks in marking up the interest rate on loans to brokers and dealers for carrying securities touched off a new phase of discussion as regards the outlook for money rates in general.**

This action, putting the rate on loans backed by security collateral to 5½% naturally stirred up new inflation conjecture and left the rank and file worrying the more as to how the Treasury—locked in by the 4¼% ceiling on interest it may pay—will go about meeting its needs.

**For the while ahead observers will be watching for a new boost in the prime bank rate, that is the charge which banks make to their best customers, and ultimately in the rediscount rate which Federal Reserve Central Banks charge member banks for borrowing.**

With the newest Treasury bill issue, 182-days, commanding a new high rate at 5.09%, the government market continued on the heavy side, this time chiefly in the short end. But no disturbing weakness was apparent. Rather, dealers seemed trying to adjust their bids to the general situation.

### Big Issues in Demand

Brisk demand was encountered by new issues put on the market by two major finance companies for a total of $125 million. But the first flush of demand seemed to taper and while both were moving, neither could be called an "out-the-window" operation.

**CIT Financial Corp.'s $75 million of 5¼% debentures, priced to yield 5.25% and Commercial Credit Corp.'s $50 million of notes, affording the same yield, had other attractive features. For one thing, their maturity was limited to 20 years.**

And to sweeten the deal for those who fear an early calling of high-coupon issues, should the money market turn, both companies agreed to an eight-year non-callable clause as against the more or less customary five-year period.

### Back to Mortgages

Major institutional investors once more are reported turning their interest chiefly to the mortgage market at least for the present. Oh, they'll take a look at bonds, etc., but they show no pressing desire to buy.

At the rate mortgages have absorbed credit in recent years it would seem that the supply of such outlets might be slowing down somewhere along the line.

Meantime some big investors, stirred by newest inflation rumblings, are reportedly picking up a few stocks again in spite of the nominal nature of the return afforded by such securities.

### Bucking the Trend

Kansas City Power & Light Co.'s $20 million issue of new bonds proved the exception to the rule in the current phase of the investment market. With the situation generally disturbed, this issue brought close bidding and disclosed a brisk inquiry on the part of investors.

Successful bidders paid the company a price of 100.15 for a 5% interest rate and planned to reoffer at 100.777 for an indicated yield of 4.95% to the buyer. The issue was favored, of course, by its Triple A rating.

The second bid was within four cents per $100 or 40 cents per $1,000 of the winning figure while the fourth bid in line was only nine cents per $100 or 90 cents per $1,000 under the top.

## With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Laurence D. Hogan has been added to the staff of Keller Brothers Securities Co., Inc., Zero Court Street.

## Putnam & Co. Heads ANelex Debentures Group

Putnam & Co. heads an underwriting syndicate which is offering (in 45,000 units) $2,250,000 of 5½% subordinated debentures, due Dec. 1, 1974 (with warrants attached to purchase 45,000 shares of common stock), and 90,000 shares of common stock of ANelex Corp. Each unit, consisting of a $50 subordinated debenture with warrant attached to purchase one share of common stock, and two shares of common stock, is priced at $80, plus accrued interest, if any, on the debentures from Jan. 14, 1960.

Net proceeds from the sale of the debentures and the common shares will be used by the Boston based electronics designer and manufacturer to pay in full its serial notes payable in the principal amount of $400,000, plus accrued interest; to redeem and pay accumulated dividends on the 2,000 shares of the $4.50 cumulative preferred stock of the company now outstanding; to pay in full a promissory note; and to purchase additional machinery and equipment for the expansion of the company's productive capacity. The balance, of approximately $1,100,000, will be used for general corporate purposes, including additional working capital.

## Hamilton V.-P. Of A. C. Allyn

CHICAGO, Ill.—Willis B. Hamilton has been elected a Vice-President of A. C. Allyn and Company, Incorporated, 122 South La Salle Street. He has been associated with Allyn since 1946 and was elected Secretary and a director of the company in 1957. He will continue as Secretary.

## Blair & Co. Inc. Official Changes

Homer J. O'Connell has been elected Executive Vice-President of Blair & Co. Incorporated, 20 Broad St., New York City, members of the New York Stock Exchange.

Andrew D. Cornwall has been appointed an Assistant Vice-President of the firm.

## Firm to Become Jaffee and Co.

Effective Jan. 7, the firm name of Jaffee, Leverton, Reiner Co., 2 Broadway, New York City, members of the New York Stock Exchange, will be changed to Jaffee and Co. On the same date Richard E. Linburn will become a partner. Mr. Linburn was formerly a partner in Simons, Linburn & Co.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Indicated Steel operations (per cent capacity) | Jan. 9 | §95.0 | *96.3 | 96.5 | 73.6 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Jan. 9 | §2,707,000 | *2,726,000 | 2,732,000 | 2,085,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Dec. 25 | 7,108,875 | 7,138,775 | 6,968,775 | 7,128,835 |
| Crude runs to stills—daily average (bbls.) | Dec. 25 | ¶8,266,000 | 8,071,000 | 7,973,000 | 8,165,000 |
| Gasoline output (bbls.) | Dec. 25 | 29,398,000 | 29,331,000 | 28,957,000 | 29,105,000 |
| Kerosene output (bbls.) | Dec. 25 | 2,756,000 | 2,667,000 | 2,333,000 | 2,621,000 |
| Distillate fuel oil output (bbls.) | Dec. 25 | 13,206,000 | 13,018,000 | 12,904,000 | 14,208,000 |
| Residual fuel oil output (bbls.) | Dec. 25 | 6,951,000 | 6,929,000 | 7,040,000 | 7,987,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | Dec. 25 | 184,045,000 | 182,838,000 | 179,179,000 | 181,635,000 |
| Kerosene (bbls.) at | Dec. 25 | 27,080,000 | 27,195,000 | 31,692,000 | 26,155,000 |
| Distillate fuel oil (bbls.) at | Dec. 25 | 151,441,000 | 156,195,000 | 170,886,000 | 130,410,000 |
| Residual fuel oil (bbls.) at | Dec. 25 | 50,451,000 | 52,476,000 | 56,189,000 | 61,629,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Dec. 26 | 468,752 | 615,365 | 574,126 | 432,148 |
| Revenue freight received from connections (no. of cars) | Dec. 26 | 501,764 | 565,697 | 533,385 | 488,652 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | Dec. 31 | $191,000,000 | $408,100,000 | $383,400,000 | $273,226,000 |
| Private construction | Dec. 31 | 88,700,000 | 213,300,000 | 233,400,000 | 61,992,000 |
| Public construction | Dec. 31 | 102,300,000 | 194,800,000 | 150,000,000 | 211,234,000 |
| State and municipal | Dec. 31 | 89,400,000 | 138,200,000 | 79,400,000 | 147,107,000 |
| Federal | Dec. 31 | 12,900,000 | 56,600,000 | 70,600,000 | 64,127,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Dec. 26 | 6,850,000 | *9,385,000 | 8,000,000 | 6,526,000 |
| Pennsylvania anthracite (tons) | Dec. 26 | 331,000 | 435,000 | 421,000 | 309,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100** | Dec. 26 | 246 | 318 | 176 | 205 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Jan. 2 | 13,425,000 | *13,349,000 | 13,907,000 | 12,364,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Dec. 31 | 226 | 195 | 261 | 169 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Dec. 29 | 6.196c | 6.196c | 6.196c | 6.196c |
| Pig iron (per gross ton) | Dec. 29 | $66.41 | $66.41 | $66.41 | $66.41 |
| Scrap steel (per gross ton) | Dec. 29 | $41.17 | *$41.17 | $43.50 | $39.83 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Dec. 30 | 34.150c | 33.925c | 33.225c | 28.600c |
| Export refinery at | Dec. 30 | 31.525c | 31.475c | 29.025c | 27.200c |
| Lead (New York) at | Dec. 30 | 12.000c | 12.000c | 13.000c | 13.000c |
| Lead (St. Louis) at | Dec. 30 | 11.800c | 11.800c | 12.800c | 12.800c |
| ‡Zinc (delivered) at | Dec. 30 | 13.000c | 13.000c | 13.000c | 12.000c |
| Zinc (East St. Louis) at | Dec. 30 | 12.500c | 12.500c | 12.500c | 11.500c |
| Aluminum (primary pig. 99.5%) at | Dec. 30 | 26.000c | 25.900c | 24.700c | 24.700c |
| Straits tin (New York) at | Dec. 30 | 98.750c | 99.000c | 100.250c | 98.625c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Jan. 5 | 79.56 | 79.79 | 81.48 | 85.96 |
| Average corporate | Jan. 5 | 83.53 | 83.53 | 84.17 | 90.20 |
| Aaa | Jan. 5 | 87.32 | 87.32 | 87.99 | 94.56 |
| Aa | Jan. 5 | 85.20 | 85.20 | 86.11 | 93.08 |
| A | Jan. 5 | 83.40 | 83.53 | 83.79 | 89.78 |
| Baa | Jan. 5 | 78.43 | 78.43 | 79.25 | 84.04 |
| Railroad Group | Jan. 5 | 81.17 | 81.17 | 82.03 | 88.40 |
| Public Utilities Group | Jan. 5 | 83.66 | 83.66 | 84.30 | 90.06 |
| Industrials Group | Jan. 5 | 85.72 | 85.85 | 86.24 | 92.35 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Jan. 5 | 4.64 | 4.61 | 4.41 | 3.83 |
| Average corporate | Jan. 5 | 4.90 | 4.90 | 4.85 | 4.40 |
| Aaa | Jan. 5 | 4.61 | 4.61 | 4.56 | 4.10 |
| Aa | Jan. 5 | 4.77 | 4.77 | 4.70 | 4.20 |
| A | Jan. 5 | 4.91 | 4.90 | 4.88 | 4.43 |
| Baa | Jan. 5 | 5.32 | 5.32 | 5.25 | 4.86 |
| Railroad Group | Jan. 5 | 5.09 | 5.09 | 5.02 | 4.53 |
| Public Utilities Group | Jan. 5 | 4.89 | 4.89 | 4.84 | 4.41 |
| Industrials Group | Jan. 5 | 4.73 | 4.72 | 4.69 | 4.25 |
| **MOODY'S COMMODITY INDEX** | Jan. 5 | 376.4 | 376.5 | 376.2 | 388.6 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Dec. 26 | 197,621 | 299.494 | 275,752 | 365,380 |
| Production (tons) | Dec. 26 | 251,626 | 329,400 | 310,853 | 320,797 |
| Percentage of activity | Dec. 26 | 78 | 96 | 91 | 55 |
| Unfilled orders (tons) at end of period | Dec. 26 | 345,194 | 450,586 | 438,833 | 405,256 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100** | Jan. 1 | 111.70 | 111.64 | 111.54 | 110.38 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Dec. 11 | 2,781,990 | 2,980,270 | 2,648,330 | 2,856,000 |
| Short sales | Dec. 11 | 408,750 | 391,030 | 419,310 | 441,370 |
| Other sales | Dec. 11 | 2,236,990 | 2,485,800 | 2,191,190 | 2,362,540 |
| Total sales | Dec. 11 | 2,645,740 | 2,876,830 | 2,610,500 | 2,803,510 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Dec. 11 | 446,310 | 560,760 | 510,280 | 555,110 |
| Short sales | Dec. 11 | 25,600 | 24,210 | 59,100 | 40,800 |
| Other sales | Dec. 11 | 405,840 | 485,750 | 508,950 | 500,640 |
| Total sales | Dec. 11 | 431,440 | 509,960 | 568,050 | 541,440 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Dec. 11 | 881,108 | 994,610 | 864,570 | 883,490 |
| Short sales | Dec. 11 | 103,490 | 129,030 | 137,810 | 200,860 |
| Other sales | Dec. 11 | 792,482 | 911,388 | 868,745 | 1,091,355 |
| Total sales | Dec. 11 | 895,972 | 1,040,418 | 1,006,555 | 1,292,215 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Dec. 11 | 4,109,408 | 4,535,640 | 4,023,180 | 4,294,600 |
| Short sales | Dec. 11 | 537,840 | 544,270 | 616,220 | 683,030 |
| Other sales | Dec. 11 | 3,435,312 | 3,882,938 | 3,568,885 | 3,954,535 |
| Total sales | Dec. 11 | 3,973,152 | 4,427,208 | 4,185,105 | 4,637,565 |
| **STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION** | | | | | |
| Odd-lot sales by dealers (customers' purchases)—† | | | | | |
| Number of shares | Dec. 11 | 1,916,269 | 1,997,723 | 1,828,308 | 1,746,758 |
| Dollar value | Dec. 11 | $97,462,821 | $103,254,885 | $93,652,438 | $83,249,999 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | Dec. 11 | 1,762,290 | 1,767,201 | 1,502,830 | 1,780,255 |
| Customers' short sales | Dec. 11 | 6,629 | 8,346 | 9,686 | 9,508 |
| Customers' other sales | Dec. 11 | 1,755,661 | 1,758,855 | 1,493,144 | 1,770,687 |
| Dollar value | Dec. 11 | $85,326,989 | $85,772,380 | $76,890,597 | $84,157,800 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Dec. 11 | 476,610 | 464,870 | 374,870 | 603,020 |
| Short sales | Dec. 11 | ------ | ------ | ------ | ------ |
| Other sales | Dec. 11 | 476,610 | 464,870 | 374,870 | 603,020 |
| Round-lot purchases by dealers— Number of shares | Dec. 11 | 640,860 | 707,850 | 684,170 | 585,930 |
| **TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):** | | | | | |
| Total round-lot sales— | | | | | |
| Short sales | Dec. 11 | 610,050 | 672,170 | 745,430 | 867,120 |
| Other sales | Dec. 11 | 17,059,770 | 18,043,840 | 16,195,860 | 19,296,480 |
| Total sales | Dec. 11 | 17,669,820 | 18,716,010 | 16,941,290 | 20,163,600 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Dec. 29 | 118.8 | 118.8 | 118.9 | 119.3 |
| Farm products | Dec. 29 | 85.0 | 84.9 | 84.9 | 91.1 |
| Processed foods | Dec. 29 | 104.8 | 110.6 | 105.2 | 108.6 |
| Meats | Dec. 29 | 88.9 | 88.1 | 89.7 | 102.7 |
| All commodities other than farm and foods | Dec. 29 | 128.5 | 128.5 | 128.6 | 127.2 |

*Revised figure. §Includes 964,000 barrels of foreign crude runs. ¶Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of November:** | | | |
| New England | $34,844,131 | $28,411,635 | $15,982,510 |
| Middle Atlantic | 177,654,428 | 118,193,428 | 96,176,579 |
| South Atlantic | 40,392,448 | 37,677,358 | 62,740,453 |
| East Central | 71,801,346 | 94,812,705 | 83,194,852 |
| South Central | 76,346,709 | 104,772,998 | 77,723,548 |
| West Central | 33,095,118 | 39,157,455 | 46,927,698 |
| Mountain | 21,769,285 | 28,963,374 | 24,954,986 |
| Pacific | 103,089,782 | 125,197,846 | 78,055,642 |
| Total United States | $558,993,247 | $577,186,799 | $485,756,268 |
| New York City | 148,069,735 | 80,887,522 | 58,563,962 |
| Outside New York City | 410,923,512 | 496,299,277 | 427,192,306 |
| **BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of November:** | | | |
| Manufacturing number | 195 | 221 | 190 |
| Wholesale number | 124 | 106 | 108 |
| Retail number | 520 | 532 | 550 |
| Construction number | 186 | 164 | 176 |
| Commercial service number | 105 | 102 | 97 |
| Total number | 1,130 | 1,125 | 1,121 |
| Manufacturers' liabilities | $17,266,000 | $20,980,000 | $19,496,000 |
| Wholesale liabilities | 5,541,000 | 5,323,000 | 5,309,000 |
| Retail liabilities | 15,244,000 | 13,050,000 | 16,549,000 |
| Construction liabilities | 12,136,000 | 7,132,000 | 9,483,000 |
| Commercial service liabilities | 3,027,000 | 3,891,000 | 5,881,000 |
| Total liabilities | $53,214,000 | $50,376,000 | $56,718,000 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of December (000's omitted):** | | | |
| Total U. S. construction | $1,590,000 | $1,458,000 | $1,459,159 |
| Private construction | 869,000 | 790,000 | 612,806 |
| Public construction | 721,000 | 668,000 | 846,353 |
| State and municipal | 490,000 | 516,000 | 720,340 |
| Federal | 231,000 | 152,000 | 126,013 |
| **COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:** | | | |
| Consumed month of November | 725,482 | 732,245 | 671,592 |
| In Consuming establishments as of Nov. 28 | 698,593 | 976,310 | 1,428,218 |
| In public storage as of Nov. 28 | 14,235,545 | 12,468,410 | 12,035,729 |
| Linters—Consumed month of November | 108,074 | 115,349 | 90,030 |
| Stocks Nov. 28 | 557,933 | 497,077 | 829,190 |
| Cotton spindles active as of Nov. 28 | 17,696,000 | 17,648,000 | 17,611,000 |
| **COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of November:** | | | |
| Cotton Seed— | | | |
| Received at mills (tons) | 1,404,700 | 1,832,200 | 1,112,360 |
| Crushed (tons) | 733,200 | 782,200 | 598,734 |
| Stocks (tons) Nov. 30 | 2,609,000 | 1,937,500 | 1,951,081 |
| Cake and Meal— | | | |
| Stocks (tons) Nov. 30 | 113,100 | 110,800 | 106,724 |
| Produced (tons) | 341,100 | 361,800 | 283,913 |
| Stocks (tons) | 338,800 | 348,000 | 293,294 |
| Hulls— | | | |
| Stocks (tons) Nov. 30 | 73,000 | 66,800 | 121,533 |
| Produced (bales) | 165,600 | 172,000 | 137,882 |
| Shipped (tons) | 159,400 | 148,300 | 138,026 |
| Linters— | | | |
| Stocks (bales) Nov. 30 | 227,500 | 184,400 | 319,420 |
| Produced (bales) | 224,800 | 279,700 | 177,676 |
| Shipped (bales) | 171,700 | 190,100 | 145,148 |
| **COTTON SPINNING (DEPT. OF COMMERCE):** | | | |
| Spinning spindles in place on Nov. 28 | 20,317,000 | 20,269,000 | 20,726,000 |
| Spinning spindles active on Nov. 28 | 17,696,000 | 17,648,000 | 17,611,000 |
| Active spindle hours (000's omitted) Nov. 28 | 9,051,000 | 9,118,000 | 8,389,000 |
| Active spindle hrs. for spindles in place Nov. | 452.6 | 456.0 | 419.4 |
| **EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of November:** | | | |
| All manufacturing (production workers) | 12,222,000 | *12,209,000 | 11,981,000 |
| Durable goods | 6,875,000 | *6,791,000 | 6,742,000 |
| Nondurable goods | 5,347,000 | *5,418,000 | 5,234,000 |
| Employment indexes (1947-49 Avg. = 100)— | | | |
| All manufacturing | 98.8 | *98.7 | 96.9 |
| Payroll indexes (1947-49 Average = 100)— | | | |
| All manufacturing | 166.1 | *166.1 | 158.4 |
| Estimated number of employees in manufacturing industries— | | | |
| All manufacturing | 16,209,000 | *16,193,000 | 15,795,000 |
| Durable goods | 9,250,000 | *9,166,000 | 8,982,000 |
| Nondurable goods | 6,959,000 | *7,027,000 | 6,813,000 |
| **MANUFACTURERS' INVENTORIES AND SALES Month of November (millions of dollars):** | | | |
| Inventories— | | | |
| Durables | $29,300 | $29,200 | $27,700 |
| Nondurables | 22,200 | 22,300 | 21,500 |
| Total | $51,500 | $51,500 | $49,200 |
| Sales | 29,200 | 29,400 | 26,700 |
| **PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of November (in billions):** | | | |
| Total personal income | $384.8 | $382.3 | $367.5 |
| Wage and salary receipts, total | 260.2 | 259.2 | 246.1 |
| Commodity producing industries | 107.0 | 106.4 | 101.8 |
| Manufacturing only | 83.9 | 83.6 | 79.7 |
| Distributing industries | 68.5 | 68.5 | 64.7 |
| Service industries | 38.1 | 38.0 | 35.3 |
| Government | 46.6 | 46.4 | 44.3 |
| Other labor income | 10.3 | 10.2 | 9.4 |
| Business and professional | 35.2 | 35.0 | 33.1 |
| Farm | 10.4 | 10.2 | 14.1 |
| Rental income of persons | 12.0 | 12.0 | 11.9 |
| Dividends | 13.7 | 13.6 | 12.6 |
| Personal interest income | 23.5 | 23.3 | 20.8 |
| Transfer payments | 27.9 | 27.2 | 26.6 |
| Less employees' contribution for social insurance | 8.4 | 8.4 | 7.1 |
| Total nonagricultural income | 370.4 | 368.1 | 349.6 |
| **RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—** | | | |
| As of December 1 | 86% | ------ | 87% |
| **SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of September:** | | | |
| Net railway operating income | $45,780,612 | $39,923,382 | $93,587,504 |
| Other income | 23,937,883 | 25,410,631 | 19,812,892 |
| Total income | 69,718,495 | 65,334,013 | 113,400,396 |
| Miscellaneous deductions from income | 4,506,930 | 4,534,977 | 4,507,051 |
| Income available for fixed charges | 65,211,565 | 60,799,036 | 108,893,345 |
| Income after fixed charges | 34,016,954 | 29,447,388 | 77,062,510 |
| Other deductions | 4,669,919 | 4,282,461 | 4,369,983 |
| Net income | 29,347,035 | 25,164,927 | 72,692,527 |
| Depreciation (way & structure & equipment) | 51,466,906 | 51,291,540 | 50,284,387 |
| Federal income taxes | 14,552,931 | 10,424,591 | 35,789,867 |
| Dividend appropriations: | | | |
| On common stock | 19,797,051 | 27,322,633 | 21,028,959 |
| On preferred stock | 841,903 | 3,257,959 | 834,205 |
| Ratio of income to fixed charges | 2.09 | 1.94 | 3.42 |
| **WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRI-** | | | |

# Hedging Against Inflation

*By* Roger W. Babson

**What are and are not hedges against price inflation is the subject of Mr. Babson's contribution. He disagrees that D-J common stock issues now can serve such a protective purpose and has other succinct views about other hedges ranging from life insurance to industrial stocks.**

I don't see how buying Dow-Jones common stocks now can be a hedge against inflation. This is not to say that they may not go higher; but these stocks are already too inflated to be bought as "inflation hedges" by intelligent people.

### Requirements for an Inflation Hedge

First, good inflation hedge characteristics must be based upon tangible and marketable assets and not on "good will" or temporary earnings. Second, these tangible assets should be land or natural resources such as oil, gas, minerals, water power, or woodlands. These usually go up in price as the dollar goes down in value. This assumes fair taxation and no harmful legislation. There is no hedge against an opportunistic Congress or a Communist government which takes title to private property without fair recompense.

Theoretically it would be wise for readers to go into debt and borrow money now, provided they made sure they would have the cash to pay the interest on the loan and pay up the loan at maturity. Otherwise, instead of making money, they could be wiped out completely.

If it is wise to borrow now in order to pay up with depreciated dollars later, then it is unwise to loan money now. This means: Don't buy new long non-convertible bonds or preferreds unless you plan to sell soon. They are not now a safe "permanent investment."

### What About Life Insurance?

In a general way this reasoning applies to most life insurance policies if you buy today and then live 20 years or more while the value of the dollar declines. Actually, you should probably buy, say, double what you ordinarily would, to be sure of having the money to pay the premiums over the 20 or more years.

The insurance feature, of course, may offset the risk of inflation—your family could get a big sum if you should die within a year. Hence, I believe in simple life insurance, with no endowments or frills.

### What About Stocks?

Neither railroad nor utility common stocks should be bought as inflation hedges because, during an inflationary era, operating costs could go up so that dividends would be reduced. At best, net earnings would lag behind any rise in rates; and most railroad stocks should be avoided for other reasons also.

Don't depend upon the most popular stocks of today. Fashions in stocks change as quickly as fashions in dress. A popular stock today is usually not a good inflation hedge.

### Companies with Large Acreage

Most industrial stocks are poor inflation hedges, as already indicated. However, industrials with large land or natural reserves or other tangible holdings should be the best of the industrials. The most sought after by wise investors are those with good management — plus heavy depreciation charges and sufficient working capital.

I am not acquainted with all of Central America; but I once owned and operated a school in Guatemala City. Hence, I know of the constructive work of the United Fruit Co., which has grown to great importance with reportedly the largest acreage in the Americas, having sunshine, water, and a long growing season. It raises not only the finest bananas, but also cocoa, palm oil, cattle, and timber. The company has a fleet of 60 steamships, oil reserves in Colombia, and large net current assets, excluding railways, buildings, and a complete wireless system. United Fruit stock, however, is only one such. There are several good industrials with large acreage. And land—whether the lot next to you or lands in other parts of America—should be the best hedges against inflation.

## Pleasant Securities Co. Offers Minitran Common

Pleasant Securities Co., of Newark, N. J., on Dec. 29 publicly offered 150,000 shares of common stock (par one cent) at $2 per share.

The net proceeds will be used for machinery and equipment; placing accounts receivable on a discount basis; retiring loans and notes outstanding; paying state and Federal taxes, with interest; advertising and sales promotion; research and development; to stockpile parts and components; and for working capital.

Minitran with offices located at 5 Oliver St., Newark 2, N. J., was incorporated under New Jersey law on March 20, 1957, to engage in the design, manufacture and sale of miniature transformers and other electronic parts and equipment. The company's products have been sold to the military, research laboratories, industrial, aircraft and other commercial and industrial users. The company has been in commercial production since its inception. The company is the successor of the partnership, Minitran Co. and the company's similar name was duly changed to Minitran Corp. on March 19, 1957.

## Schmidt Retires

Reginal M. Schmidt, specialist in municipal bonds for more than 30 years, has retired as Vice-President of Blyth & Co., Inc., New York City. Mr. Schmidt began his career in 1905 as a runner, going into the municipal field in 1921 and joining Blyth & Co., Inc. in 1932.

## Samuel Newton

Samuel P. S. Newton, associated with Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York City, passed away suddenly Jan. 1st at the age of 81.

## Paul Ramsay

Paul H. Ramsay passed away Jan. 1st at the age of 59. He was a Vice-President in the Trust Department of the Chase Manhattan Bank.

## Fusz-Schmelzle Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Edward Dowling, Clifton S. Jamieson and Michael C. Bastunas have been added to the staff of Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building.

## Now Wm. Morris Co.

The firm name of Investment Associates of Albany has been changed to William S. Morris & Co. and the firm is now doing business from offices at 37 Wall Street, New York City.

# NSTA NOTES

**INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA**

The Investment Traders Association of Philadelphia will hold their 36th annual mid-winter dinner on Friday, Feb. 19, in the Grand Ballroom of the Bellevue-Stratford Hotel. The Member-Guest Luncheon will be held at noon.

# Businessman's BOOKSHELF

**British Affairs** — Quarterly Review — British Information Services, 45 Rockefeller Plaza, New York 20, N. Y. (paper).

**Equity and Loan Capital for New and Expanding Small Business**—Harold T. Smith—The W. E. Upjohn Institute for Employment Research, 709 South Westnedge Ave., Kalamazoo, Mich. (paper).

**Green Grows Ivy** — Ivy Baker Priest — McGraw-Hill Book Co., Inc., 330 West 42nd St., New York 36, N. Y.

**Highway Statistical and Financial Data** — American Petroleum Institute, 1271 Avenue of the Americas, New York 20, N. Y. (paper).

**International Monetary Fund:** Summary Proceedings of Annual Meeting of Board of Governors—International Monetary Fund, Washington, D. C. (paper).

**International Peasant Union** Monthly Bulletin — December issue containing articles on NATO and the Captive Nations; India: Alternative Emerges to Ruling Congress Party; Nature of Khrushchev's Foreign Policy—International Peasant Union Bulletin, 285 Central Park West, New York 24, N. Y.

**Long Island and New York City** within the Empire State: A Study of their Economies and Financial Institutions — Nassau-Suffolk Financial Council, Garden City, L. I., N. Y. (paper).

**Manufacturing Corporations**—Third Quarter Financial Report—Federal Trade Commission — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 30c ($1 per year).

**Mechanization of Check Handling**—Progress Report—Bank Management Commission, American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper).

**1959 Mineral Production** — Preliminary Figures — Bureau of Mines, Washington, D. C. (paper).

**Occupational Outlook Handbook**—1959 Edition—Bureau of Labor Statistics, U. S. Department of Labor, 341 Ninth Avenue, New York 1, N. Y., $4.25.

**Southeast Asia:** Area of Challenge, Change, and Progress — Department of State Publication 6861 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25c.

**Tin and Its Uses**—Quarterly Publication—Autumn 1959 issue contains articles on Practical Aspects of Tin-Nickel Plating; Flux Trials with Polyethylene Glycol; Production of Cored Solder Wire; Technology of Electrotinplate Manufacture; X-Ray Tinplate Thickness Gauges, etc.—Tin Research Institute, Inc., 492 West Sixth Avenue, Columbus 1, Ohio (paper).

**Two More Yaltas and the World Is Theirs**—Louis Zoul, Box 44, Long Island City 4, N. Y. (on request).

**Understanding Put & Call Options**—By Herbert Filer—Crown Publishers, Department A-7, 419 Park Avenue, South, New York 16, N. Y., $3 (ten day free examination).

**Your Department of State** — Descriptive pamphlet—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15c.

## Boland, Saffin Co. Changing Name

Announcement was made January 6 of a change in the name of the investment firm of Boland, Saffin & Co., 35 Wall Street, New York City, to Boland, Saffin, Gordon & Sautter, effective Jan. 15, 1960.

Underwriters and distributors of municipal bonds and specialists in New Jersey municipal issues, the firm will continue to maintain its headquarters at 35 Wall Street, New York.

## Now Hilton Secs.

The firm name of Chauncey, Walden, Harris and Freed, Inc., 580 Fifth Avenue, New York City, has been changed to Hilton Securities, Inc.

# WASHINGTON AND YOU

*BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL*

WASHINGTON, D. C.—As the final session of the Democratic-controlled Congress gets underway there is every indication that it will be marked with politics because this is truly a big political year.

The 1960 session will be much shorter than its long drawn-out predecessor. Why? Because the big Democratic Presidential convention gets underway at Los Angeles the first part of July, and the Republican convention will follow in short order the latter part of July at Chicago.

**Many members of Congress will be attending the conventions. This means that the Senate and House leaderships have their work cut-out for them to get the session under way early, and keep it moving in orderly fashion.**

As each new session gets underway, it has been customary for years for the leaders to predict an "early adjournment," but invariably the good intentions bog down in the legislative and political mire.

Members returning to Capitol Hill in advance of the formal opening on Wednesday (Jan. 6) were greeting each other cordially, but chances are that some of them will be cool toward each other before adjournment comes about next summer. It is inevitable that some sharp scraps are shaping up. They usually do, but more so in election years.

In addition to electing a President and Vice-President of the United States this year, the people are going to elect all members of the House of Representatives and one-third of the Senate, and many state and district officers. Numerous governors are to be elected or take office.

**Pending Issues**

What are some of the questions coming in before the American Congress? There will be numerous ones, some not yet on the horizon. Secretary of the Treasury Robert B. Anderson plans to make an early renewed request to the Democratic-controlled Congress to lift the $4\frac{1}{4}\%$ ceiling on government bonds with over five-years' maturity.

**Treasury officials declare emphatically that if the Congress would eliminate the present rate ceilings, the chances are that the desirable lengthening of indebtedness, also new financing could be effected at lower interest rates than are presently available. Twice in the closing months of 1959 the Treasury had to resort to 5%, and $4\frac{7}{8}\%$ interest rates on Treasury notes of less than five-years' duration in order to raise cash. These were the highest rates in some 30 years.**

Mr. Anderson a few days ago pointed out a fact that too few people realize, namely, that the marketable debt of the United States has jumped by more than $20 billion during the past 18 months. This resulted from the need to finance a $\$12\frac{1}{2}$ billion deficit in fiscal year 1959, and a $\$5\frac{1}{2}$ billion seasonal deficit the past half-year, plus providing funds for maturing F and G bonds in the amount of some $2 billion.

**To Oppose Tax Reduction**

Thus, it is easily understandable why the Eisenhower Administration will oppose a tax cut at this session, even though it is an election year. Congress, it would appear, will go along with the Administration. Of course, there will be a few Democrats who will come out with statements, in connection with their pending tax cut bills, declaring that there should be a tax cut.

Clearly there should be a tax cut, but not until the budget has been balanced and some of the mounting national debt is retired. President Eisenhower in his budget message probably will recommend the largest sum ever appropriated by an American Congress to service the debt for the coming fiscal year.

**President Eisenhower's budget for the coming year, which he will submit to Congress later this month, is expected to total around $81 billion. The income for the coming fiscal year is expected to total around $83 billion or so, thus providing a surplus for possible debt retirement of Congress does not spend it in other directions.**

Postmaster General Arthur E. Summerfield said some time ago that the Postoffice Department would renew its request to Congress to increase the first class postal rates. As a result, there is speculation that Mr. Eisenhower in his budget message may suggest that the four-cent first-class rate be increased to five cents, and that the air mail rate be increased from seven to eight cents.

The White House, on the recommendation of the Bureau of Roads, may also ask Congress to raise the gasoline tax a half-cent a gallon to keep the mighty highway construction program moving ahead at a marked rate.

However, chances would appear unlikely that neither the postal rate hike nor the gasoline rate increase proposal would have a chance of enactment at this session.

**More "Liberal" Proposals**

The liberal element in Congress is already beating the drums for expanding the omnibus housing bill with provisions for urban renewal, public housing and loans to veterans. It will be recalled that President Eisenhower vetoed similar bills at the 1959 session, before Congress passed a more restrained act which he signed.

**The liberal members are also doing all they can to provide a bill that would carry a generous amount of funds to build classrooms for the public schools. There are many members of Congress, however, that frown upon such a proposal on the ground that it would eventually lead to Federal control of the classrooms. The National Education Association and some educational groups are all for such a bill.**

**Social Security Costs Rising**

Records show that during the past five election years, Congress, for some reason, has liberalized the social security laws. This year may not be an exception. Any liberalization obviously means the programs cost more money, and the money must come from somewhere. That is why the social security taxes on New Year's Day went up from $120 to $144 (maximum) on earnings up to $4,800 a year.

There is substantial support in both the House and Senate for some of the liberalized proposals despite the fact that the new 3% rate on earnings is only the beginning of things to come. Even if Congress did not expand the program any, here is the tax-increase schedule in maximum figures: For 1960-62, $144; 1963-65, $168; 1966-68, $192, and 1969, $216.

**Drive for Higher Minimum Wage**

An increase in the minimum wage to $1.25 cents an hour will come up. There is a chance that a measure may pass. There might be a compromise like $1.15 cents an hour. The present minimum is $1. Pending measures would also bring several million more workers under provisions of this bill, which the Eisenhower Administration will oppose.

**Some additional Federal legislation apparently is coming up on labor. Congress might be faced with the necessity of writing a new national emergency strike law despite the recent settlement of the steel strike. Representative Phil M. Landrum, Democrat of Georgia, plans to press for additional labor legislation to further curb crookedness and racketeering in unionism. He co-authored the last bill that Congress passed.**

Mr. Eisenhower is expected to ask for $800,000,000 for the National Aeronautics and Space Administration, as compared with $500,000,000 approved at the 1959 session. The Chief Executive is also expected to ask for $2 billion for the non-military part of foreign aid of the Mutual Security Program. This will evoke a scrap.

**Perennial Farm Problem**

The farm problem, a long-time headache, will not be solved at the 1960 session any more than it will be in 1961. The surpluses continue to pile up. Secretary of Agriculture Ezra Taft Benson has been advocating that he be given a free hand in fixing the price supports, but the Democrats and the Republicans from the Farm Belt are not going to give it to him. They favor, for the most part, high parity payments.

There will be numerous other questions and proposals that will come before Congress in what shapes up as one of the most interesting years in several years.

*[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]*


**"Even if you are with the Federal Reserve you don't have to be THIS RESERVED!"**

# COMING EVENTS

*IN INVESTMENT FIELD*

**Jan. 15, 1960 (Baltimore, Md.)**
Baltimore Security Traders Association 25th annual Mid-Winter Dinner.

**Jan. 20, 1960 (Kansas City, Mo.)**
Kansas City Security Traders Association annual Winter Dinner at University Club.

**Jan. 20, 1960 (Philadelphia, Pa.)**
Philadelphia Securities Association annual meeting and dinner at the Hotel Barclay.

**Jan. 25, 1960 (Chicago, Ill.)**
National Security Traders Association National Committee meeting at the Ambassador West.

**Jan. 25, 1960 (Chicago, Ill.)**
Security Traders Association of Chicago, Inc. Mid-Winter Party at the Guild Room of the Ambassador West.

**Feb. 1-2, 1960 (Dallas, Texas)**
Association of Stock Exchange Firms meeting of Board of Governors at Sheraton Dallas Hotel.

**Feb. 3, 1960 (Detroit, Mich.)**
Bond Club of Detroit annual winter party at Sheraton Cadillac Hotel.

**Feb. 12, 1960 (Boston, Mass.)**
Boston Security Traders Association Winter Dinner.

**Feb. 19, 1960 (Philadelphia, Pa.)**
Investment Traders Association of Philadelphia 36th annual Mid-Winter dinner at the Bellevue-Stratford.